2012/13

MANITOBA LIQUOR CONTROL COMMISSION

ANNUAL REPORT

EXCEL. INNOVATE. PROGRESS.

MLCC

Cognac

MLCC

VISION

Together we will be the model for innovative, sustainable, and responsible service within the Manitoba community and marketplace.

MISSION

To regulate, distribute and sell beverage alcohol, generating revenue for Manitobans within a framework of social responsibility, customer service excellence, business effectiveness and workplace quality.

VALUES

Importance of People - Foster a positive work force by working together as a team towards our common goals.

Social Responsibility - Promote the responsible sale and consumption of beverage alcohol, promote sustainable development and demonstrate a commitment to our community.

Integrity and Fairness - Develop respectful and ethical relationships and be fully accountable for our actions, decisions and behaviours.

Service Excellence - Provide superior service to our customers, partners and co-workers.

Innovation - Encourage our employees to be innovative.

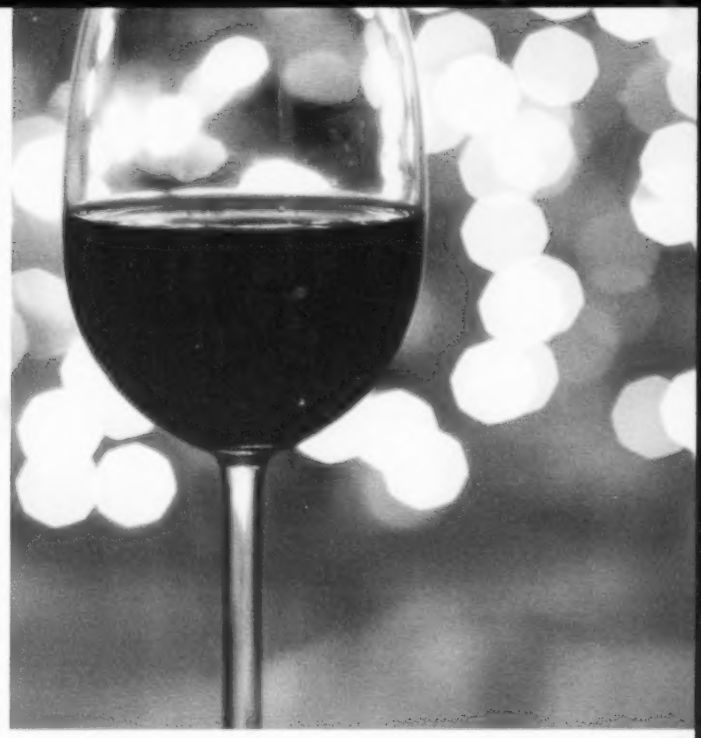


TABLE OF CONTENTS

Boards & Governance 2

Message from the Chair 3

Message from the President & CEO 4

Executive Management Committee 5

The Amalgamation of the Manitoba Liquor Control Commission with Manitoba Lotteries, and MLCC Regulatory Services with Manitoba Gaming Control Commission 5

2012/13 Highlights 8

2012/13 Business Plan Review 9

- Financial 10
- Social Responsibility 11
- Customer Service 16
- Business Effectiveness 18
- Workplace Quality 19

2012/13 Financial Statements 21

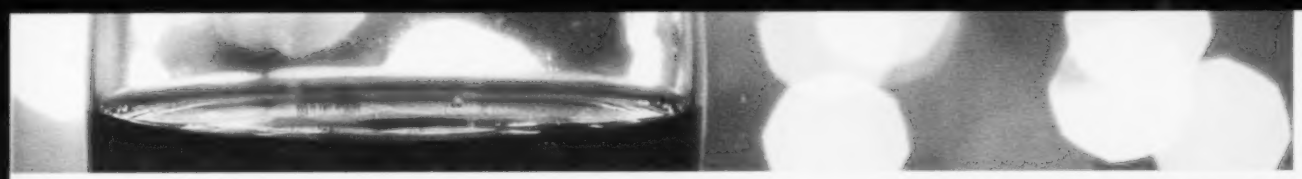
Charts and Graphs 40

Liquor Marts 44

Liquor Vendors 45

Specialty Wine Stores 47

Beer Vendors 48



BOARDS & GOVERNANCE

The MLCC reports to the Province of Manitoba through a Board of Commissioners that is appointed by the Province. The Board Chair reports to the minister responsible for *The Liquor Control Act,* who in turn, reports to the Legislative Assembly. The day-to-day operation of the MLCC is the responsibility of the President & Chief Executive Officer who reports to the Board.

In April 2012, the Province of Manitoba announced that the Manitoba Liquor Control Commission and Manitoba Lotteries would be amalgamated into the Manitoba Liquor & Lotteries Corporation. In the next year, legislative changes will be proposed that will produce a new Act for the merged corporation.

MLCC BOARD OF COMMISSIONERS

FIRST ROW

Tannis Mindell, Chair
Leslie Turnbull, Vice-Chair
Fran Frederickson, Director
Jean Paul Gobeil, Director
Robert Mayer, Director

SECOND ROW

Marion Moist, Director
Arnold Ouskan, Director
Kevin Pebbles, Director
Gerald Rosenby, Director
David Schisler, Director

THE LICENSING BOARD

The Licensing Board considers applications for licences and determines the appropriate disciplinary action for breaches of *The Liquor Control Act* and its Regulations. These decisions may be appealed.

The Licensing Board is comprised of five persons appointed by the Lieutenant Governor in Council. The board may be called to meet at any time by the chair of the board. All meetings of the Licensing Board are open to the public.

LICENSING BOARD

(From left) Vic Wonnacott (Chair), Les Barrett, Cliff Bernhardt and Dale Neal (Vice-Chair) Not pictured: Lorraine Sigurdson

MESSAGE FROM THE CHAIR

On behalf of the Board of Commissioners, I am pleased to present the 90th Annual Report of the MLCC for fiscal year 2012/13.

Fiscal year 2012/13 has been an exciting year on many fronts. In April 2012, the Province of Manitoba announced the amalgamation of the MLCC with Manitoba Lotteries to form the new Manitoba Liquor & Lotteries Corporation. Shortly after this announcement, a new Board of Directors was appointed to oversee both organizations and their integration.

Over the past year, much work has been done and many milestones achieved in respect to the merger.

Based on recommendations made in a third-party report we successfully began integrating the operations of both Crowns, starting with the development of a new organizational structure, as well as formulating a unified strategic direction. At the same time, an integration team was established to continue guiding us through the many complex activities surrounding the union of two large organizations.

Currently, legislation is in process for the new Crown corporation and is anticipated to come into effect in late 2013. Once enacted, the Manitoba Liquor & Lotteries Corporation will be responsible for both beverage alcohol and lottery/gaming products.

Also in process are legislative amendments that will combine the regulatory function of the MLCC with the Manitoba Gaming Control Commission. The amalgamation of these two bodies will create a single regulatory organization for gaming and beverage alcohol called the Liquor and Gaming Authority of Manitoba.

Amid all of the activities surrounding the merger, the MLCC can take pride in returning a net profit to the Provincial Government, while continuing to provide outstanding service to our customers. The success of this past year could not have happened without the efforts and teamwork of everyone at the MLCC.

In closing, I, along with my fellow board members, would like to express my appreciation to President & CEO Winston Hodgins and the executive team for their leadership and commitment. Thanks as well to the employees of both the MLCC and Manitoba Lotteries Corporation for their continued hard work and dedication as we work towards merging our organizations. Together, we can ensure that the new Manitoba Liquor & Lotteries Corporation is an important contributor to both the government and people of Manitoba for many more years to come.

Tannis Mindell

MESSAGE FROM THE PRESIDENT & CEO

It is my pleasure to report on what has been a very significant year for the MLCC. While every year is notable in some respect, fiscal 2012/13 has been a year like no other. Early into the new fiscal season, the Province of Manitoba announced the amalgamation of the MLCC with Manitoba Lotteries, beginning a year of considerable transition for both organizations. While much time and effort has been put into bringing together our two Crown corporations, the MLCC has also remained steadfast in its commitment to being one of the best liquor jurisdictions in Canada.

I am pleased to report that in 2012/13, the MLCC returned $260.6 million to the provincial treasury. This is good news for the people of Manitoba as our returns play a vital role in supporting government initiatives that are a benefit to all Manitobans.

While fiscal 2012/13 was, on many fronts, a year of change and transition, it was also one which highlighted the dedication of employees on both sides of the organization. The new Manitoba Liquor & Lotteries Corporation will be a blended workforce of more than 3,000 people and it is through the continued engagement, contributions and commitment of our employees that we will emerge as a strong, merged, Crown corporation.

In 2012/13 we began establishing the Manitoba Liquor & Lotteries brand by introducing a new logo to the public through our community relations and social responsibility programs. Internally, a new organizational structure and executive team was established and a new three-year corporate direction developed. Over the course of the next year the new corporation will determine related business objectives and performance indicators that best serve this strategy. In the spring of 2013 we also completed a major staff relocation, combining related departments from the two organizations in each of the head office locations.

While activities related to the merger were a significant focus of 2012/13, we also kept a keen eye on our business performance. Last year, we saw the opening of the province's first two Liquor Mart Express outlets located within grocery stores. These new locations have provided shoppers in south Winnipeg and Brandon west with the convenience of shopping for their groceries and beverage alcohol in one place, while ensuring these products continue to be sold in a socially responsible manner. This past year we also continued retail improvements to our stores through both new builds and renovations. Our flagship Liquor Mart store at the Grant Park Mall recently re-opened with new and exciting features not previously found in our retail environments including a dedicated enclosure showcasing rare and unique products.

In 2012/13, we were also pleased to launch a new public website, www.liquormarts.ca. Developed to enhance both our customers' online and shopping experience, the new site features improved product descriptions, images, tasting notes, product inventory by store (updated five times daily), and expanded search capabilities. Developed using cutting-edge technologies, the site offers Manitobans the opportunity to apply for an occasional permit online and is mobile-device friendly.

This past year, the MLCC was also honoured to be the first liquor jurisdiction in Canada to win a Canadian Fairtrade Award in recognition of our ongoing commitment to the Fair Trade movement. It is also my pleasure to report that for the seventh consecutive year, the MLCC was recognized as one of the Top 25 Employers in Manitoba as part of the Top 100 Employers in Canada competition.

I would like to thank our Board of Commissioners, our Executive Management team and all of our employees for their hard work and dedication this past year. Our accomplishments to date have been made possible only through a strong sense of teamwork and dedication. Both the MLCC and Manitoba Lotteries have long, proud histories within our province and as we move toward full integration of our two organizations, we remain focused on our future and committed to providing service excellence to the people of Manitoba.

W. Hodgins

Winston Hodgins

EXECUTIVE MANAGEMENT COMMITTEE

FIRST ROW

Winston Hodgins,
President & Chief Executive Officer

Peter Kenyon,
Chief Operating Officer

Tracy Graham,
Chief Financial Officer

Peter Hak,
Chief Corporate Services Officer

SECOND ROW

Larry Wandowich,
Chief Community Relations & Marketing Officer

Susan Olynik,
Vice President, Corporate Communications & Social Responsibility

Dan Sanscartier,
Vice President, Gaming Operations

Marilyn Robinson,
Vice President, Integration

THIRD ROW

Robert Holmberg,
Vice President, Liquor Operations

Wayne Perfumo,
Vice President, Entertainment & Hospitality

Signy Shaw,
Senior Executive Director, Internal Audit & Corporate Compliance

THE AMALGAMATION OF THE MANITOBA LIQUOR CONTROL COMMISSION WITH MANITOBA LOTTERIES, AND MLCC REGULATORY SERVICES WITH MANITOBA GAMING CONTROL COMMISSION

In the early weeks of 2012/13, the Manitoba government, as part of its provincial budget announced the amalgamation of the MLCC with Manitoba Lotteries to form Manitoba Liquor & Lotteries Corporation. In addition to this merger, the province also announced that regulatory activities of the MLCC would be transferred to the Manitoba Gaming Control Commission to create a new regulatory agency, the Liquor and Gaming Authority of Manitoba, which will operate under a new legislative act.

Following the provincial announcement, a review of the three organizations was conducted by MNP. During the course of that review, the current state of each organization was examined and a roadmap developed to achieve suggested changes and full integration. Once completed, the mergers will result in the creation of two distinct organizations (a new corporation, and a new regulatory authority) that will increase efficiencies, modernize procedures, reduce red tape and achieve cost savings while maintaining the high levels of customer service Manitobans have come to know and expect.

Since the announcement, much work has been accomplished towards integration.

MANITOBA LIQUOR & LOTTERIES CORPORATION

When completed, the merger between MLCC and Manitoba Lotteries will result in a workforce of approximately 3,000 employees. Over the course of 2012/13, several significant milestones were achieved including the:

- Appointment of Winston Hodgins (President & CEO of Manitoba Lotteries) to President & CEO of the Manitoba Liquor & Lotteries Corporation;
- Appointment of a new Board of Directors, chaired by Tannis Mindell;
- Establishment of an executive management team;
- Creation of a new, streamlined organizational structure to increase overall efficiency;
- Merging of common functional areas.

This past year also saw the creation of vision, mission and values statements that will serve to guide and direct the new corporation over the coming years.

VISION

To exceed customer expectations while supporting our communities.

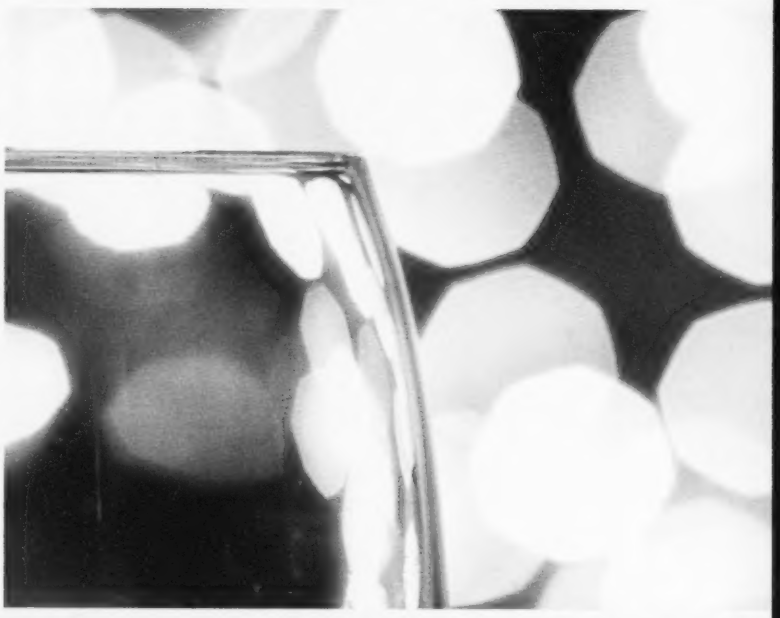
MISSION

Innovative and responsible delivery of quality products and entertainment, generating revenue for Manitoba.

VALUES

- Importance of People – Foster a positive and diverse workplace and work together towards our common goals.
- Responsibility – Demonstrate responsible business, social and environmental practices.
- Integrity and Fairness – Be respectful, ethical and fully accountable for our actions and decisions.
- Service Excellence – Provide superior service to our customers, partners and co-workers.
- Innovation – Learn from our experiences, embrace change and encourage innovation.

A new Act governing the Manitoba Liquor & Lotteries Corporation is expected in 2013. Once proclaimed, the new corporation will be allowed to legally operate as a single Crown corporation.



LIQUOR AND GAMING AUTHORITY OF MANITOBA (LGA)

Work to create a new regulatory body for both liquor and gaming is well underway. Throughout 2012/13, the following initiatives took place:

- An organizational structure was recommended by MNP to create the new Liquor and Gaming Authority of Manitoba;
- Public consultations were held throughout the province. These meetings provided stakeholder groups and citizens with the opportunity to offer input on the new legislation for the LGA.

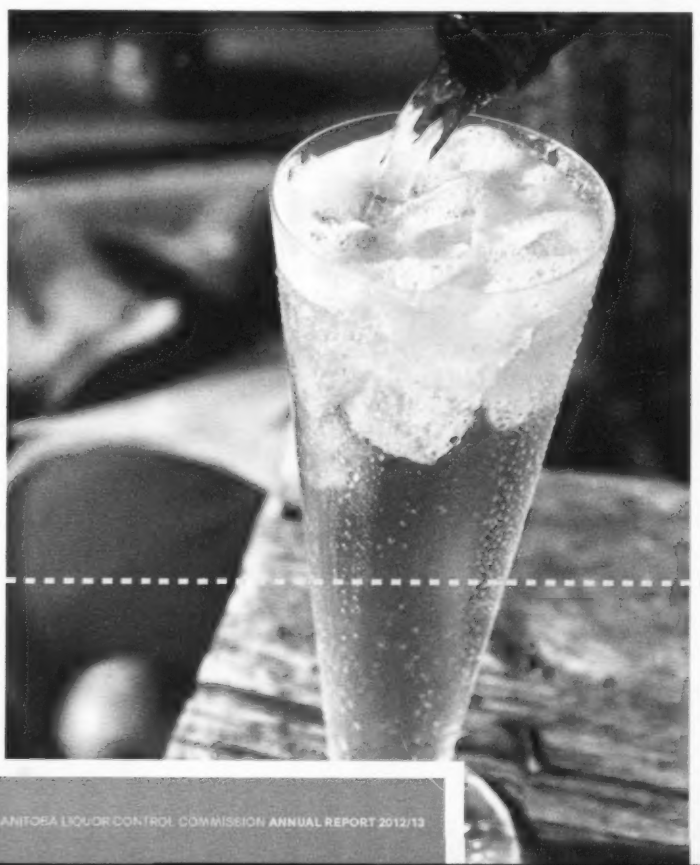
As of March 31, 2013, regulatory responsibilities continued under the existing structure, which will be in place until the new regulatory Act is passed and the LGA is established as a single agency.

2012/13 HIGHLIGHTS

- The MLCC returned $260.6 million to the Provincial Treasury. These funds are used to support government programs, services and initiatives that are of a benefit to all Manitobans.
- The first Liquor Mart Express locations within grocery stores opened in Winnipeg and Brandon respectively. This new retail concept provides greater convenience for Manitobans while ensuring beverage alcohol products continue to be sold in a socially responsible manner.
- As an initiative under the 2011 Hospitality Strategy, and to provide greater customer service to Manitobans, select retail beer vendors became eligible to sell coolers and ciders.
- The Centralized Merchandising Project continued in 2012/13 with the first pilot Liquor Mart locations having their replenishment activities handled by the merchandising team at the MLCC head office. Once all phases of the project have been completed, the organization will be able to efficiently and consistently manage the assortment, forecasting and replenishment activities for Liquor Marts to support the goal of having the right product in the right place at the right time. It will also redirect store efforts and expertise to activities that will improve store performance and customer service.
- A new public website – **www.liquormarts.ca** – was launched in 2012/13. Featuring a modern look and feel, the new site includes expanded features and information that enhances our customers' shopping experience.

John Graham, Director of Public Affairs & Government Relations for Canada Safeway, Minister Jim Rondeau and Al Roney, Executive General Manager, Retail Stores, cut the ribbon for the new Pembina Village Liquor Mart Express.

- The MLCC was honoured to be the first liquor jurisdiction in Canada to win a Canadian Fairtrade Award in recognition of its ongoing commitment to the Fair Trade movement.
- The Winnipeg Wine Festival had its biggest year ever, raising $303,000 for Special Olympics Manitoba. This event, of which Manitoba Liquor Marts is the presenting sponsor, has become one of the most eagerly anticipated events of the year.
- In 2012/13, extensive renovation work was undertaken on the exterior of the MLCC's head office building on Buffalo Place. Built in 1966, the building's stone exterior had deteriorated past the point of repair. The new building will be a modern structure with large floor-to-ceiling windows and white exterior beams. The building envelope was designed by Winnipeg architect Ray Wan who has also worked on several of the MLCC's new and renovated Liquor Marts. The project is slated for completion in 2013/14.
- For the seventh consecutive year, the MLCC was recognized as one of the Top 25 Employers in Manitoba as part of the Top 100 Employers in Canada competition.



2012/13 BUSINESS PLAN REVIEW

The MUCH's Strategic Plan is comprised of five goal areas. These areas provide the blueprint for incorporating the Vision, Mission and Values into its daily operational activities.

The five goal areas are:

FINANCIAL

SOCIAL RESPONSIBILITY

CUSTOMER SERVICE

BUSINESS EFFECTIVENESS

WORKPLACE QUALITY

The following is an overview of the MUCH's accomplishments in 2012/13.

FINANCIAL

GOAL

Meet the net profit requirements of the Manitoba Government through the controlled sale of beverage alcohol.

OBJECTIVE

Generate funds required to support innovation and growth in the business to meet the net profit requirements of the Manitoba Government.

PERFORMANCE RESULTS

Net Profit

Target	$260.4 million
Actual	**$260.6 million**

Net profit for 2012/13 was $0.2 million or 0.1% over budget. Sales and volumes exceeded forecasted expectations in all categories with the exception of beer resulting in sales $1.2 million or 0.2% under budget.

While overall sales were lower than budget, the shift in purchasing patterns to more premium-priced products, most notably wine, and away from more economy-priced beer has resulted in a 2012/13 gross profit that was $2.9 million or 0.8% over budget.

General and administrative expenses were $3.0 million or 3.6% over budget. Pension related expenses were $4.5 million over budget primarily due to an actuarial valuation adjustment of $5.8 million; offset by earnings on pension assets which were $1.2 million greater than anticipated. A full actuarial valuation of the provision for retirement allowances was performed in 2012/13. As a result, refinements to the valuation methodology occurred resulting in a retirement expense that was $3.1 million over budget. Salaries and short-term benefits were $2.7 million or 6.0% under budget due to management strategies in filling vacancies and new positions, and lower labour requirements in the Liquor Marts. Other general and administrative expenses were carefully managed and were $1.9 million under budget.

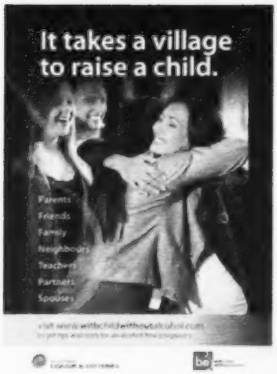
The MLCC continues to monitor pricing across Canada in an effort to maintain pricing that is competitive.

DELUXE/PREMIUM SHARE OF MARKET

In 2012/13, the MLCC continued to focus its marketing efforts on promoting premium-priced products (premiumization). Year end results for spirits again suggests that the purchasing shift towards premium products is continuing.

Target:	69.0%
Actual:	**70.6%**

SOCIAL RESPONSIBILITY

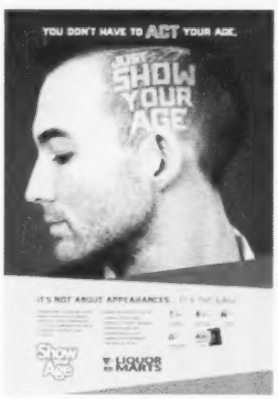


GOAL

Promote the responsible sale and consumption of beverage alcohol; sustainable development; and a commitment to our community.

OBJECTIVES

- Support programs to promote the socially responsible consumption of beverage alcohol, setting aside a minimum of 0.20% of estimated gross profit to fund these programs.
- Optimize compliance with *The Liquor Control Act* through education and regulation.
- Act as a good corporate citizen ensuring our actions align with the social, economic and environmental well being of the province.



PERFORMANCE RESULTS

Social Responsibility Programs

Be With Child Without Alcohol – First introduced in 2002, *Be With Child-Without Alcohol* continues to address the prevention of Fetal Alcohol Spectrum Disorder (FASD). The campaign was refreshed and launched in spring 2013 on TV, radio, print, 18+ movies and transit ads. The campaign message promoted the idea that "It Takes a Village" to raise a child, emphasizing the role that friends and family can play in supporting a woman's choice not to drink while pregnant. In addition, the FASD resource booklet, which is available in English, French, Cree and Ojibway continued to be widely used in health clinics and resource centres across the province.

Be UnDrunk – The binge drinking awareness and education program for young adults 18–25 years of age continued to promote the "Seniors Behaving Badly" campaign. The campaign was promoted primarily on college and university campuses in Manitoba.

Be the Influence – The MLCC continued the *Be the Influence* awareness program directed at parental influence on children's attitudes toward alcohol. The program was developed with input from the Addictions Foundation of Manitoba. In 2012/13, the program continued to be promoted through print advertising in targeted publications, as well as numerous signs in community centers and arenas throughout the province.

Show Your Age – In 2012, the MLCC's *Show Your Age* program was refreshed with new customer awareness materials and Liquor Mart staff training. Liquor Mart staff are trained to ask for photo ID from anyone who appears to look under the age of 25 and the program educates consumers that proof of age may be requested when purchasing alcohol.

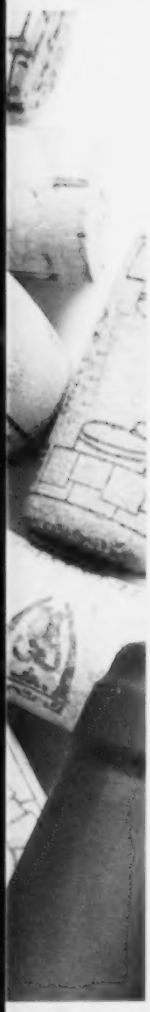
Be Safe & Sober – MLCC's impaired driving campaign; *Be Safe & Sober* continued its public presence at the MTS Centre, in the Winnipeg Jets program, on the MTS Centre Power Ring and on the pre-Jets game broadcast on CJOB. In 2012 the 'Be Safe & Sober' safe driving message was also promoted at a number of community festivals including Dauphin Countryfest, Flatlander's Beer Festival, Winnipeg Wine Festival and Winnipeg Whisky Festival.

Report Impaired Driving: Call 911 – In 2012/13, the MLCC continued its program partnership with Manitoba Public Insurance, MADD Canada and the Brandon Police Services in the *Report Impaired Drivers: Call 911* program.

Operation Red Nose – The MLCC was once again a provincial sponsor and volunteer participant in the annual *Operation Red Nose* safe ride home program held during the Christmas holiday season in a number of Manitoba communities.

#Taxi – The MLCC continued its financial support of the National *#Taxi* initiative. The program provides easy access to taxi transportation throughout the province. By simply dialing #Taxi (#8294) individuals can access the first available cab in their location making it easier to find a safe ride home.

With the creation of the Manitoba Liquor & Lotteries Corporation, work will begin on a Provincial Alcohol Strategy and a corporate Social Responsibility Strategy focused on responsible use of alcohol programs. Strategy development will include the review and incorporation of national and international research and best practices approaches in this area.



SOCIAL RESPONSIBILITY

EDUCATION AND ENFORCEMENT

The MLCC balances education and enforcement of licensed premises and occasional permit functions to ensure compliance with *The Liquor Control Act*. Inspection services use a risk-based inspection program dependent upon the type of licence held and the previous history of operation. Establishments where liquor is the primary component of the operation, such as beer vendors and cocktail lounges, are inspected more frequently than those where food is the primary component of the operation.

Progressive disciplinary action is recommended for those licensees, permittees and banquet hall operators who continue to breach *The Liquor Control Act* and its Regulations.

NUMBER OF INSPECTIONS

Target	27,000
Actual	**27,946**

Target	25.0%
Actual	**24.6%**

Target	97.0%
Actual	**98.2%**

NUMBER OF EDUCATIONAL SEMINARS

Target	175
Actual	**268**

Target	75
Actual	**85**

SOCIAL RESPONSIBILITY IN LIQUOR MARTS

To help counter underage drinking, Liquor Mart employees ask for proof of age from customers who look under 25 years of age. Liquor Marts are expected to ask for photo ID 100% of the time and to ensure that this is occurring the MLCC uses professional shoppers to shop its stores. If a Liquor Mart does not achieve a 100% score, remedial action involving staff training will occur.

Target - 100% rating per store

Actual – In 2012/13, a total of 184 store shops were conducted. 158 of those shops resulted in a score of 100%. Since the *'Show Your Age'* program was refreshed, 41 out of 45 store shops resulted in a score of 100%.

CHALLENGES & REFUSALS

In addition to asking customers for proof of age, Liquor Mart employees also refuse service to minors and impaired customers.

2012/13	**522,917**
2011/12	385,779

2012/13	**14,095**
2011/12	12,135

2012/13	**15,337**
2011/12	15,314

LEGISLATIVE CHANGES

2012/13 saw no legislative changes to *The Liquor Control Act* and its Regulations.

Note: Public consultations were held during this fiscal year, as part of the process to review and modernize The Liquor Control Act *and its Regulations in conjunction with the formation of the new Manitoba Liquor & Lotteries Corporation and the new Liquor and Gaming Authority of Manitoba.*

SUSTAINABLE DEVELOPMENT

The MLCC is committed to the integration of sustainable development into all of its business decisions, actions and operations. In 2012/13, we continued to focus on:

- Practicing sustainable building concepts including improving energy and water efficiency, enhancing indoor air quality, using sustainable building materials and construction waste management.
- Selecting goods and services to reduce our environmental and social impact associated with building operations.
- Reducing the amount of waste going to the landfill by establishing several recycling and waste minimization programs.
- Reducing greenhouse gas emissions.
- Enhancing the selection of Fair Trade and Organic products sold at Liquor Marts.
- Providing education and awareness to support our sustainable development initiatives and programs.
- Improving the efficiency of fleet vehicles and product distribution and transportation.

SUSTAINABLE BUILDING

To support the requirements set out in the Manitoba Green Building Policy, as well as create a healthier indoor environment for both customers and staff, the MLCC employs a sustainable building strategy. To meet the requirements of the strategy, sustainable building concepts are integrated into construction and renovation documents. This strategy is applied to all newly constructed or renovated Liquor Marts and head offices. The Grant Park Liquor Mart, which underwent extensive renovations in 2012/13, included the following sustainable building concepts:

- Installation of energy efficient lighting such as T5 fluorescent and LED fixtures.
- Installation of automatic lighting controls such as occupancy sensors in offices and washrooms.
- Retrofitted water efficient fixtures in washrooms and kitchen areas.
- The purchase of Energy Star® refrigeration units to improve energy efficiency.
- Optimization of the building's heating and cooling systems to prevent the spread of airbourne dust and odours during construction.
- Installation of energy efficient hand dryers in washrooms to reduce paper towel waste.
- Use of low-emitting construction materials such as paints, adhesives, sealants and formaldehyde-free composite wood products to enhance indoor air quality.
- Use of Forest Stewardship Council Certified wood products to support responsible forestry.
- Installation of column panels containing post-consumer waste materials (e.g. glass).
- Use of insulation material containing 45% post-consumer waste.
- Implementation of a construction waste management plan to prevent construction waste materials (e.g. metals, wood) from going to the landfill.

Sustainable building concepts were used during the renovation of the Grant Park Liquor Mart.

Liquor Mart Manager Olivier Rouget was one of the MLCC employees who participated in a tree-planting event organized by beverage alcohol company Diageo.

SOCIAL RESPONSIBILITY

MANAGING GREENHOUSE GAS EMISSIONS

MLCC has made a commitment to measure and offset the greenhouse gas emissions associated with its building operations. MLCC continuously strives to reduce emissions by following sustainable building practices and improving fleet fuel efficiency. MLCC will offset its annual greenhouse gas emissions with funding being provided to the International Institute for Sustainable Development (IISD) to support their "Cattail Harvesting for Carbon Offsets Study" project. The project has the potential to create a new marketable energy product for Manitoba, generate carbon offsets and improve the health of Lake Winnipeg, strengthening MLCC's partnership with Lake Friendly.

FAIR TRADE AND ORGANIC PRODUCTS

Fair trade is a socially conscious movement that supports ethical, social, labour and environmental practices around the world. It advocates sustainable development, transparent commerce and the payment of fair prices to aid producers and workers in developing countries. In September 2012, the MLCC was honoured to be the first liquor jurisdiction in Canada to win a Canadian Fairtrade Award in recognition of its ongoing commitment to the fair trade movement.

In 2012/13, Liquor Marts carried 29 fair trade products and 51 organic products.

WINE FESTIVALS & TASTINGS

Manitoba Liquor Marts assists urban and rural communities to host tasting events as fundraisers for community and charitable organizations. These events also provide the MLCC with opportunities to enhance customer product knowledge. The largest of these events is the Winnipeg Wine Festival in support of Special Olympics Manitoba.

Community	Charity/Recipient
Brandon	Westman Wine Festival in support of Brandon Rotary Club – Elspeth Reid Family Resource Centre
Dauphin	Dauphin Rotary Club
Neepawa	Viscount Cultural Centre
Portage la Prairie	William Glesby Centre
Russell	Russell Recreation Commission - Russell Regional Multiplex project
Swan River	Co-Operative Development Foundation of Canada
The Pas	The Pas Health Complex Foundation, Inc.
Winnipeg	Winnipeg Wine Festival in support of Special Olympics Manitoba
Winnipeg	Flatlander's Beer Festival in support of the Winnipeg Jets True North Foundation
Winnipeg	Savour – The Food & Wine Experience in support of the Health Sciences Centre Foundation
Winnipeg	Winnipeg Whisky Festival in support of the Manitoba Sports Hall of Fame

COMMUNITY SUPPORT

Community support is an important component of the MLCC's commitment to social responsibility. This support is demonstrated through sponsorships of community, cultural, arts, health and sporting events and organizations; silent auction donations for non-profit fundraising events; and in-store fundraising opportunities through monthly coin boxes and customer-ask programs.

In April 2013, the provincial government announced the amalgamation of the MLCC and Manitoba Lotteries. As both organizations have a commitment to community, work began shortly thereafter to merge the program areas of both organizations into one department dedicated to community support and charitable programs. For the remainder of the fiscal year, the new Community Relations department for the Manitoba Liquor & Lotteries Corporation worked toward consolidating sponsorship agreements under the newly merged organization and promoting Manitoba Liquor & Lotteries' new brand at events throughout the province.

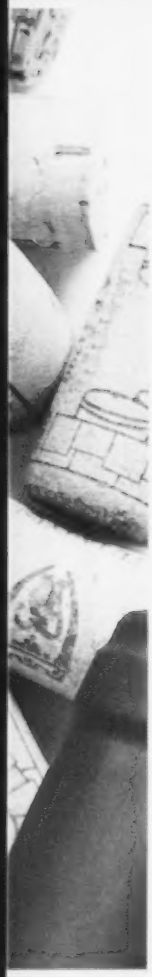
In fiscal 2012/13, organizations receiving sponsorship and event support included:

Assiniboine Community College
Alliance Française
ALS Society
Alzheimer Society
Beef & Barley Festival
Brandon Folk Festival
Brandon Wheat Kings
CancerCare Manitoba
Capturing Opportunities: Rural Forum
CBC Winnipeg Comedy Festival
Children's Rehabilitation Foundation
Churchill Relay for Life
CNIB "Eye on the Arts"
Concordia Hospital Foundation
Crohn's & Colitis Foundation of Manitoba
Curl Manitoba
Dauphin Countryfest
Dauphin RIDE Program
Double B Rodeo
Festival du Voyageur
Folklorama
Gimli Film Festival
Grace Hospital Foundation
Habitat for Humanity
Health Sciences Centre
Hemophilia Society
Jocelyn House
Le Cercle Molière
Manitoba Museum
Manitoba Opera
Manitoba Stampede
Manitoba Sport Hall of Fame
Manitoba Schizophrenia Society
Misericordia Foundation
Manitoba Junior Hockey League
Manitoba Theatre Centre
Manitoba Volunteer Awards
Neepawa Lily Festival
Operation Red Nose
Portage la Prairie Potato Festival
Pride Winnipeg Festival
Rainbow Resource Centre
Reh-Fit Centre Foundation
Riverview Health Centre
Rockin' the Fields/Minnedosa
SCE Lifeworks
Seven Oaks Hospital Foundation
Society for Manitobans with Disabilities
Special Olympics Manitoba
St. Boniface Hospital Foundation
St. Raphael Wellness Centre
Stonewall Quarry Days
Swan River "Power Smart Games"
Swan River Valley Round-up
Thompson Relay for Life
Trappers' Festival
Winnipeg Art Gallery
Winnipeg Blue Bombers
Winnipeg Folk Festival
Winnipeg Goldeyes
Winnipeg Harvest
Winnipeg Police Service
Winnipeg Symphony Orchestra

MLCC employees take part in the Adopt-a-Day challenge in support of Habitat for Humanity.

MLCC and Manitoba Lotteries employees brave the snow and the cold for Operation Red Nose.

Liquor Marts once again supported the "Give a Heart" fundraising campaign in support of the Heart & Stroke Foundation of Manitoba by selling paper hearts to customers.



CUSTOMER SERVICE

GOAL

Deliver excellent customer service to our retail and commercial customers.

OBJECTIVES

- Enhance service to our public customers by continuing to elevate customer service levels to meet increasing expectations.
- Enhance service to commercial customers to reflect the current business environment and the increasing expectations of their customers.

LIQUOR MARTS CUSTOMER SERVICE SHOP RATING

Target	100%
Actual	**92%**

LIQUOR MART DEVELOPMENT

The MLCC is committed to providing a convenient, modern shopping experience for customers through renovation and expansion of its Liquor Mart retail stores. The following Liquor Marts locations were renovated, built or expanded in 2012/13:

Winnipeg:

- Grant Park Shopping Centre
- Kenaston Crossing
- Madison Square
- Southglen Shopping Centre

Rural:

- Gimli
- Stonewall

Renovations are currently in the planning stages for the Northdale Liquor Mart in Winnipeg and the Swan River Liquor Mart.

At the end of 2012/13, the following Liquor Marts were in the process of being built:

- Brandon South (relocation and expansion)
- Fort Richmond (relocation and expansion)
- Winkler (new store)

LIQUOR MART EXPRESS

As part of the Hospitality Strategy, Liquor Mart Express stores were added to Manitoba's mix of public and private retailers in 2011/12. This new retail model lists some of the most popular selling wines, spirits and beers in the province and provides increased convenience to Manitobans. In 2012/13, two new Liquor Mart Express locations opened within the province, joining the inaugural location at the Winnipeg James A. Richardson International Airport. The first Liquor Mart Express location to open within a grocery store (and the second location in the province) opened in the Pembina Village Safeway in December 2012. This was followed by the opening of the Brandon West End Liquor Mart Express, which opened in the Victoria Avenue Sobeys in March 2013. At the end of 2012/13, a fourth location – the Park West Liquor Mart Express – was in the final stages of being built and anticipated to open early in 2013/14.

MLCC PRODUCT LISTINGS

Having the right product at the right time and at the right price is the key to MLCC's customer service success. Monitoring sales and product trends helps to ensure a wide assortment of products for our customers. To keep the product assortment robust, new products are added and low selling products are discontinued throughout the year. During 2012/13, 621 products were removed from the MLCC's assortment, while 827 products were added.

PRODUCT LISTINGS AS AT MARCH 31, 2013

Spirits	General List - 511	Specialty List - 393
Wine	General List - 1,048	Specialty List - 1,510
Beer	MLCC Distributed - 125	Privately Distributed - 566
Refreshment Beverages (coolers/ciders)	General List - 69	Specialty List - 21
Total		**4,243 Active Listings**

Note: General list products typically represent those with high volume sales. Specialty list products have smaller volume sales and are unique products that round out the overall corporate assortment.

PRODUCT EDUCATION

MLCC Product Ambassadors conducted 88 public and private product tasting and education sessions to over 2,800 attendees during 2012/13. These courses included wine appreciation sessions, scotch seminars, as well as food and product pairing sessions. Winnipeg sessions took place in the Education Centres located at the Madison Square and Grant Park Liquor Marts, and also in the Tasting Room at the MLCC's head office. Rural courses were held in various locations.

The MLCC is committed to ensuring Liquor Mart employees are knowledgeable in all product areas. Over the course of 2012/13, 52 training sessions were held for Liquor Mart Product Consultants and MLCC staff including the Basic Product Knowledge Course and a Higher Certificate Course.

When not busy conducting education sessions, Product Ambassadors also participate in radio and television media opportunities to promote new and seasonal products.

Manitoba Liquor Marts continued to sponsor and support Great Tastes of Manitoba, the top-rated cooking show in Manitoba. MLCC product experts are an integral part of the program, recommending wine and spirits that perfectly pair to the dishes prepared on the show.

ONLINE PRESENCE

A new public website, www.liquormarts.ca, was launched in 2012/13. The new website features a modern look and feel and contains detailed product information enhancing the customer's shopping experience. Features of the site include improved product descriptions, expanded search capabilities and product inventory by store that is updated five times per day. The site is mobile supported and also provides Manitobans with the added convenience of applying for an occasional permit online.

The official Twitter account of the MLCC continued to expand its reach on social media. After briefly launching a second Twitter account focused only on corporate information, the two feeds were merged under the original @LiquorMarts Twitter address. By the end of 2012/13, @LiquorMarts was reaching close to 2,000 engaged followers and tweets regularly on product and store information, events, corporate news, community efforts and responding to customer service inquiries.

BUSINESS EFFECTIVENESS

GOAL

Foster relationships with our business partners and improve business processes and systems through innovation.

OBJECTIVES

1. Develop and enhance business partnerships.
2. Establish effective, efficient and collaborative business processes that consistently demonstrate the MLCC as the model for innovation among Canadian liquor jurisdictions and Manitoba Crown corporations.

PERFORMANCE RESULTS

General and Administrative Expenses

Target	$82.5 million
Achieved	**$85.4 million**

Note: Explanation of performance results is available under the *Financial* Section of the Business Plan Review.

PRODUCTIVITY AND COST-EFFECTIVENESS

The MLCC annually reviews productivity and the cost-effectiveness of its strategies to determine the most efficient way of handling inventory at its Liquor Marts and Distribution Centre. Targets are set for productivity for both Liquor Marts and the Distribution Centre.

LIQUOR MARTS

Measure
Productivity (Units/Labour Hour)

Target	35.0
Achieved	**35.0**

[illegible]

Target	31.0
Achieved	**32.0**

DISTRIBUTION CENTRE

Measure

Target	29.0
Achieved	**30.7**

Target	7.0
Achieved	**6.8**

Target	97.0%
Achieved	**98.1%**

RETAIL CENTRALIZED MERCHANDISING PROJECT

By centralizing Liquor Mart product assortment and replenishment activities, the MLCC will be able to more efficiently manage the supply chain, ensuring the right products are at the right place at the right time, while enabling store employees to spend more time on activities related to sales and customer service.

The first phase of the plan, allowing for conversion of a pilot store in 2012/13, was successfully implemented in January 2013, followed by four additional stores in March. Rollout to all remaining Liquor Mart locations is in progress, and is expected to be complete in June 2013. Efforts to complete the forecasting component are currently underway, and business intelligence components of the project are expected to begin in 2013/14.

WORKPLACE QUALITY

GOAL

Foster a work environment that is safe, innovative and inclusive.

OBJECTIVES

1. Enhance an inclusive culture that promotes an engaged workforce and encourages innovation from employees.
2. Develop a staff and management workforce with the competencies to maintain and undertake new responsibilities.
3. Maintain a positive work environment.

PERFORMANCE RESULTS

MEASURE	
Target	12
Achieved	**15**

Note: *Due to the merger, an employee engagement survey was not completed in 2012/13.*

INNOVATION TEAM (iTeam)

The MLCC's iTeam, comprised of a cross-section of employees, continued to meet regularly to review and implement ideas submitted by employees. Ideas implemented in 2012/13 include uniform vests for seasonal holiday courtesy clerks to ensure they are easily identifiable and professional in appearance; the ability for expense claims to be reimbursed through direct deposit; and a fundraiser/awareness campaign in support of the fight against breast cancer. For this campaign, head office and Liquor Mart employees were provided with the opportunity to purchase a specially-designed pink shirt that they could wear during the month of October (breast cancer awareness month) in lieu of their regular work shirt. Money raised from the sale of the t-shirts was donated to the Canadian Breast Cancer Foundation.

DIVERSITY

The MLCC continued to support diversity in the workplace through the Aboriginal and Newcomer Internship programs, the formation of a Diversity Committee, the Language Bank program and a Multiculturalism Day. Four people were also hired to intern in Liquor Marts as part of a special internship program for people living with disabilities.

LEADERSHIP AND MANAGEMENT DEVELOPMENT PROGRAMS

The MLCC participated in the Advanced Program in Management Leadership and Strategy offered through the Asper School of Business. Six managers were selected to take the program. Fifteen employees were selected to participate in the MLCC's Store Management Development Program, two candidates from gaming operations and the remainder from liquor operations. Four employees graduated from the program.

PRODUCT AMBASSADOR DEVELOPMENT PROGRAM

A new development program was piloted this fiscal year. The purpose of this program was to create a pool of candidates who would be prepared to take on Product Ambassador duties and responsibilities. Components of the program include:

- Internal and external training
- University program - Certificate in Adult and Continuing Education
- Industry experience
- Mentoring

Two employees have begun this program.

TRAINING

Employees continued to enroll in MLCC's standard course offerings which included product knowledge, customer service, safety and health, security and management.

A number of online courses were developed in 2012/13 including AIR MILES® Reward Program, Onboarding, Microsoft Office 2007® and Show Your Age, which included the Guess Their Age Contest.

In order to streamline the employees' policy review and sign-off procedure, our Learning Management System was used to facilitate employees through the process, while tracking completion. This methodology was used for two policy reviews in 2012/13.

The updated Onboarding Guidebook for new hires was released. The new version included information for head office employees.

A new classroom course, *Mental Health Awareness and Support*, was rolled out to all employees and managers. The three hour session for employees and one day session for managers was developed to help employees understand the signs, symptoms and impact that mental health issues can have in the workplace. As well, employees gained an enhanced understanding of how to speak comfortably when facing situations involving mental health issues and became aware of available resources. Rural Liquor Mart employees will receive the training in 2013/14.

Financial/Retirement Planning sessions were offered to all Winnipeg employees with roll-out to rural employees in 2013/14.

WORKPLACE QUALITY

Derrick Chomiak of the MLCC's Maintenance Department enjoys the Multiculturalism Day BBQ.

Liquor Mart employee Sandra Fabbri poses with David Dobinson from the Canadian Breast Cancer Foundation. It was Sandra's idea, submitted to the iTeam, which resulted in MLCC employees purchasing and wearing T-shirts in support of the fight against breast cancer.

AWARDS OF DISTINCTION

The Awards of Distinction recognize employees who make superb contributions to the MLCC and the community in the areas of Community Service, Business Innovation, Leadership, and Customer Service Excellence. A Crowning Achievement category is also included to recognize professional and personal accomplishments. In 2012/13, the MLCC recognized employee Karen Long with a Community Service Award in honour of her many years of volunteer service with the Winnipeg Humane Society.

SCHOLARSHIP PROGRAM

The MLCC Scholarship Program provides financial assistance to the children of MLCC employees who are pursuing post-secondary education at the university or college level. Up to six scholarships were available; four university scholarships ($2,000 each) and two college/vocational trade school scholarships ($1,000 each). In 2012/13, the MLCC awarded four university scholarships.

MLCC AWARD RECOGNITION

For the seventh consecutive year, the MLCC was recognized as one of the Top 25 Employers in Manitoba as part of the Top 100 Employers in Canada competition.

SAFETY AND HEALTH

Health and Safety continued to be a priority at MLCC through the following initiatives:

- Continued ongoing quarterly safety inspections at head office, Regulatory Services and Liquor Marts.
- The *Safe Work Reference Guide* was updated to reflect changes to the MLCC's Health & Safety program.
- Additional Safety Awareness Training sessions for employees and managers/supervisors occurred in the months of September and October.

WELLNESS

The MLCC continued to recognize the importance and benefits of a healthy lifestyle through the following initiatives:

- A flu shot clinic was held for employees at head office to prepare for the influenza season.
- In June 2012, the MLCC's Smoking Cessation Program was modified to allow employees to be reimbursed up to a maximum of three times during their employment with the MLCC (it had previously been a one-time only reimbursement). This applies to the purchase and use of the products and/or services that are specifically for assisting in an employee's effort to quit smoking.
- To promote physical activity and healthy lifestyles, an employee gym was opened in the Waverley office space.
- A five week yoga pilot program for employees was held from October to December 2012.

WHISTLEBLOWER LEGISLATION

There are no disclosures to report in 2012/13.

Employees from Regulatory Services proudly wear their pink t-shirts.

Award of Distinction recipient Karen Long (left) with Colleen Johnston, Director, Total Rewards, Health & Wellness.

2012/13 FINANCIAL STATEMENTS

For the fiscal year April 1, 2012 to March 31, 2013

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with the accounting policies stated in the financial statements. Management has prepared the financial statements in accordance with International Financial Reporting Standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements unless otherwise stated.

Management is responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the MLCC. Management designed such internal controls, or caused them to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and that assets are properly safeguarded. As part of the financial statement audit performed by Ernst & Young LLP, they reviewed the MLCC's internal controls to the extent that they considered necessary and reported their findings to management and the Board of Commissioners.

The responsibility of Ernst & Young LLP is to express an independent opinion on whether the financial statements are fairly stated in accordance with International Financial Reporting Standards. The Independent Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

The Audit and Risk Management Committee of the Board meets with management and Ernst & Young LLP to satisfy itself that each group has properly discharged its respective responsibilities and to review the financial statements before approving them. The Board has reviewed and approved the financial statements for the fiscal year ended March 31, 2013.

W. Hodgins

Winston Hodgins
President & CEO

Tracy Graham

Tracy Graham
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
The Liquor Control Commission

We have audited the accompanying financial statements of **The Liquor Control Commission**, which comprise the statement of financial position as at March 31, 2013, and the statements of net profit and comprehensive income, profit payable to the Province of Manitoba and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **The Liquor Control Commission** as at March 31, 2013, and the results of its operations, profit payable to the Province of Manitoba and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Accountants
Winnipeg, Canada,
June 14, 2013.

STATEMENT OF FINANCIAL POSITION

(in thousands of Canadian dollars)

As at March 31	Notes	2013 $	2012 $
ASSETS			
Current			
Cash and cash equivalents		14,906	9,904
Trade and other receivables		22,134	22,121
Inventory	7	41,725	41,183
Prepaid expenses		1,514	1,442
Total current assets		80,279	74,650
Property and equipment, net	8	37,327	31,050
Intangible assets, net	9	7,142	7,378
		124,748	113,078
LIABILITIES			
Current			
Trade and other payables		46,264	44,323
Goods and Services Tax payable		2,041	1,955
Manitoba Retail Sales Tax payable		1,870	1,707
Profit payable to the Province of Manitoba		42,109	39,048
Environmental Protection Tax payable		157	147
Deferred licence fees		831	862
Total current liabilities		93,272	88,042
Provision for employee pension benefits	10	24,308	20,804
Provision for retirement allowances	11	7,168	4,232
		124,748	113,078

See accompanying notes

On behalf of the Commission:

Jannis Mindell

Chair of the Board

Chair of the Audit and Risk Management Committee

STATEMENT OF NET PROFIT AND COMPREHENSIVE INCOME

(in thousands of Canadian dollars)

Year ended March 31

	Notes & Schedules	2013 $	2012 $
Sales	Schedule	**676,310**	652,622
Cost of sales	Schedule	**334,299**	325,236
Gross profit	Schedule	**342,011**	327,386
Other income	12	**4,019**	3,748
		346,030	331,134
General and administrative expenses	13	**85,421**	76,864
Net profit and comprehensive income for the year		**260,609**	254,270

See accompanying notes

STATEMENT OF PROFIT PAYABLE TO THE PROVINCE OF MANITOBA

(in thousands of Canadian dollars)

	$
Balance, March 31, 2011	39,529
Net profit and comprehensive income for the year	254,270
Transfers to Province of Manitoba - current year's profit	(203,200)
Transfers to Province of Manitoba - prior year's profit	(51,551)
Balance, March 31, 2012	39,048
Net profit and comprehensive income for the year	260,609
Transfers to Province of Manitoba - current year's profit	(218,500)
Transfers to Province of Manitoba - prior year's profit	(39,048)
Balance, March 31, 2013	**42,109**

See accompanying notes

STATEMENT OF CASH FLOWS

(in thousands of Canadian dollars)

Year ended March 31

	2013 $	2012 $
OPERATING ACTIVITIES		
Cash receipts		
Sales - spirits, wine, refreshment beverages, and beer	**677,006**	650,673
Annual licence fees and other	**3,325**	5,994
Goods and Services Tax	**34,407**	33,206
Manitoba Retail Sales Tax	**23,804**	22,581
Environmental Protection Tax	**2,193**	2,088
	740,735	714,542
Cash disbursements		
Purchases - merchandise, federal duty, excise and sales taxes, and other costs	**342,519**	326,180
General and administrative expenses	**65,056**	68,585
Goods and Services Tax	**34,321**	31,960
Manitoba Retail Sales Tax	**23,641**	22,396
Environmental Protection Tax	**2,183**	2,081
	467,720	451,202
Cash provided by operating activities	**273,015**	263,340
INVESTING ACTIVITIES		
Acquisition of property and equipment, and intangible assets	**(10,465)**	(7,084)
Cash used in investing activities	**(10,465)**	(7,084)
FINANCING ACTIVITIES		
Transfers to Province of Manitoba - current year's profit	**(218,500)**	(203,200)
Transfers to Province of Manitoba - prior year's profit	**(39,048)**	(51,551)
Cash used in financing activities	**(257,548)**	(254,751)
Net increase in cash during the year	**5,002**	1,505
Cash and cash equivalents, beginning of year	**9,904**	8,399
Cash and cash equivalents, end of year	**14,906**	9,904

See accompanying notes

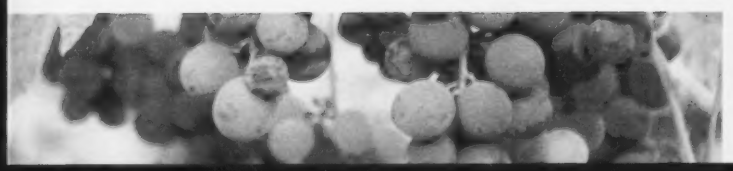
SCHEDULE OF SALES, COST OF SALES AND GROSS PROFIT

(in thousands of Canadian dollars)

Year ended March 31

	Spirits	Wine	Refreshment Beverages	Beer	Total
	$	$	$	$	$
SALES					
Stores	162,980	106,570	14,710	55,015	339,275
Liquor vendors	35,676	9,864	3,554	8,239	57,333
Licensees	19,856	5,032	4,472	234,641	264,001
Specialty wine stores	43	15,560	98	—	15,701
Total sales for 2013	218,555	137,026	22,834	297,895	676,310
Total sales for 2012	211,691	128,002	20,404	292,525	652,622
COST OF SALES					
Total cost of sales for 2013	85,277	63,536	10,599	174,887	334,299
Total cost of sales for 2012	83,676	59,327	9,303	172,930	325,236
Gross profit for 2013	133,278	73,490	12,235	123,008	342,011
Gross profit for 2012	128,015	68,675	11,101	119,595	327,386

See accompanying notes



NOTES TO FINANCIAL STATEMENTS

(in thousands of Canadian dollars)

For the year ended March 31, 2013

1. NATURE OF ORGANIZATION

The financial statements of The Liquor Control Commission [the "MLCC"] for the year ended March 31, 2013 were authorized for issue in accordance with a resolution of the Board of Commissioners on June 14, 2013. The MLCC was formed in 1923 as an agency of the Government of Manitoba under *The Liquor Control Act*. The registered office is located at 1555 Buffalo Place, Winnipeg, Manitoba. The MLCC's mandate is to purchase, sell and regulate alcoholic beverages; to determine locations for retail liquor outlets; to licence and regulate facilities used by the consuming public; to provide revenue to the Province of Manitoba from the activities of the MLCC; and to do all such things necessary to effect the provisions of *The Liquor Control Act*. All net profit earned from the sale of liquor, or from licence and permit fees, or otherwise arising in the administration of *The Liquor Control Act*, shall be paid to the Province of Manitoba.

On April 17, 2012, the Province announced that the MLCC and Manitoba Lotteries Corporation would be merged into a single entity and the regulatory oversight for liquor control, currently managed by the MLCC would be merged with the Manitoba Gaming Control Commission. Each Crown corporation operates under a separate Act and will continue to function as a separate legal entity until they are combined under common legislation.

2. BASIS OF PRESENTATION

The financial statements of the MLCC have been prepared on a going concern basis, using historical cost except for certain financial instruments which are reported at fair value. The financial statements are presented in Canadian dollars, which is the functional currency of the MLCC, and all values are rounded to the nearest thousand dollars [$000] except when otherwise indicated.

The financial statements of the MLCC have been prepared in accordance with International Financial Reporting Standards ["IFRS"] and related interpretations as issued by the International Accounting Standards Board ["IASB"].

3. SIGNIFICANT ACCOUNTING POLICIES

[a] Cash and cash equivalents in the statement of financial position includes cash on hand, current balances with banks and outstanding electronic fund transactions forwarded to banks.

[b] Trade and other receivables include electronic fund transactions to be forwarded to banks after March 31.

[c] Inventories of goods for resale are valued at the lower of average cost and net realizable value. Cost comprises purchase price, import duties and freight. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Inventory write-downs are reversed if the estimated calculations of the recoverable amount change. Write-downs are reversed only to the extent that the carrying value does not exceed the carrying value that would have been determined if no write-down had been recognized.

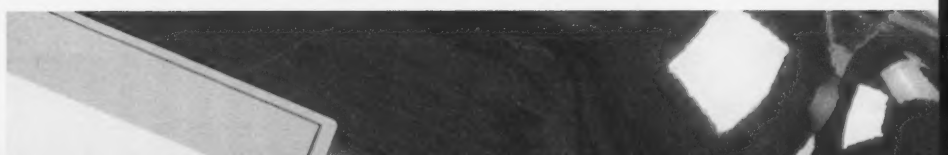
[d] Revenue is recognized to the extent that it is probable that the economic benefits will flow to the MLCC and the revenue can be reliably measured. For the sale of products, revenue is recognized when the significant rewards of ownership of the products have passed to the buyer, usually on delivery of the products. Other operating income from licence and permit fees, merchandising program fees and administration and other fees is recognized when the MLCC's right to receive the payment is established and the MLCC has no further obligation to provide goods or services or on a straight-line basis over the licence term. Revenue is measured at the fair value of the consideration received, excluding sales taxes.

The MLCC assesses its revenue arrangements in order to determine if it is acting as principal or agent. The MLCC has concluded that it is acting as a principal in all of its revenue arrangements, except for the third-party AIR MILES® program in which the MLCC participates. The AIR MILES® program allows customers to earn AIR MILES® points when they purchase products in the MLCC's retail stores. The redemption of points by customers is the responsibility of the third-party AIR MILES® program. Consideration received and the related expense is recorded net in other income as the MLCC is acting as an agent for the AIR MILES® program.

[e] Revenues, expenses and assets are recognized net of the amount of sales and goods and services tax, and environmental protection tax, except:

[i] Where the sales and goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and goods and services tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and,

[ii] Receivables and payables that are stated with the amount of sales and goods and services tax included.



NOTES TO FINANCIAL STATEMENTS

(in thousands of Canadian dollars)

For the year ended March 31, 2013

The net amount of sales and goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

[f] Transactions in foreign currencies are initially recorded by the MLCC at the MLCC's Canadian dollar functional currency exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences are taken to the statement of net profit and comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value is determined.

[g] Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Costs include directly attributable costs. Repair and maintenance costs are recognized in the statement of net profit and comprehensive income as incurred. Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

Buildings	15 to 40 years
Leasehold improvements	Straight-line basis over the remaining term of the lease
Paving	25 years
Furniture and equipment	5 to 40 years
Vehicles	5 years

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of net profit and comprehensive income when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each fiscal year-end, and adjusted prospectively, if appropriate.

[h] Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognized as an expense in the statement of net profit and comprehensive income on a straight-line basis over the lease term. Leases that contain pre-determined, fixed rental increases are recognized over the life of the lease. Property leases are analyzed into separate components for land and buildings and tested to establish whether the components are operating leases or finance leases. Premiums paid for land are treated as a prepayment of an operating lease rental and recognized on a straight-line basis over the life of the lease.

[i] Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expenditure is reflected in the statement of net profit and comprehensive income in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized on a straight-line basis over the useful economic life of the asset. Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method are reviewed at each fiscal year-end and are treated as changes in estimates. The amortization expense is recognized in the statement of net profit and comprehensive income in the expense category consistent with the function of the intangible assets.

Gains and losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of net profit and comprehensive income when the asset is derecognized.

A summary of the amortization policies applied to the MLCC's intangible assets is as follows:

Computer software	3 - 15 years

[j] The MLCC assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, a test is performed on the affected asset to assess its recoverable amount against carrying value. An impaired asset is written down to its recoverable amount, which is the higher of its value in use or its fair value less costs to sell. If there is an indication of an increase in fair value of an asset that had previously been impaired, then it is recognized by reversing the impairment, but only to the extent that the recoverable amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset.

NOTES TO FINANCIAL STATEMENTS

(in thousands of Canadian dollars)

For the year ended March 31, 2013

[k] Financial instruments are recognized in the statement of financial position when the MLCC becomes a party to the contractual terms of the instrument, which represents the trade date. Financial assets are removed from the statement of financial position when the contractual rights to the cash flows from the asset cease. Financial liabilities are removed from the statement of financial position when the obligation is met, cancelled or ends.

The classification of the MLCC's financial assets and financial liabilities is performed at initial recognition and are measured as follows:

[i] Cash and cash equivalents are classified as fair value through profit and loss and measured at fair value. Any gains or losses arising on the revaluation to fair value are recorded in the statement of net profit and comprehensive income.

[ii] Trade and other receivables are classified as loans and receivables and recorded at cost, which upon initial recognition is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest method, less impairment. Any gains or losses and any losses arising from impairment are recognized in the statement of net profit and comprehensive income.

[iii] Trade and other payables, Goods and Services Tax payable, Manitoba Retail Sales Tax payable, profit payable to the Province of Manitoba and Environmental Protection Tax payable are classified as other financial liabilities and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest method. Any gains or losses are recognized in the statement of net profit and comprehensive income.

The MLCC assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. The carrying amount of financial assets carried at amortized cost is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of net profit and comprehensive income.

The fair value of financial instruments traded in an active market is determined by quoted market prices. Financial instruments not traded in an active market are valued using an appropriate valuation technique. An analysis of fair values of financial instruments and further details as to how they are measured is provided in note 14.

[l] Provisions are recognized when the MLCC has a present obligation [legal or constructive] as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

[m] The MLCC maintains a defined benefit pension plan in accordance with the provision of *The Civil Service Superannuation Act* administered by the Civil Service Superannuation Board ["CSSB"]. Substantially all of the employees of the MLCC are eligible for pension benefits based on length of service and average annualized earnings calculated on the best five years prior to retirement, termination, or death that provided the highest earnings. The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method. The liability is determined actuarially every year and actuarial gains and losses are recognized in income immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation [using a discount rate based on high quality corporate bonds] less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the MLCC nor can they be paid directly to the MLCC. Fair value is based on market price information and, in the case of quoted securities, it is the published bid price.

The MLCC has also agreed to provide certain additional post-retirement healthcare benefits, which are unfunded.

[n] Effective April 1, 1998, the MLCC commenced recording accumulated retirement allowances for its employees. Eligible employees are entitled to receive a retirement allowance equal to one week's pay, to a maximum of 25 weeks, for each year of continuous employment based on the current salary at date of retirement. The provision for retirement allowances is actuarially determined using the accumulated benefit cost method and actuarial gains and losses are recognized in income immediately.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the MLCC's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, at the date of the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year, are discussed below.

The cost of defined pension plan and other post employment healthcare benefits, the present value of the pension obligation and the

provision for retirement allowances are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, retirement rates and future pension increases. Due to the complexity of the valuations, the underlying assumptions and its long-term nature, a defined benefit obligation and provision for retirement allowances are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rate of corporate bonds in the respective currency with at least an AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the populations of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for Canada. Future salary increases and pension increases are based on expected future inflation rates for Manitoba.

Further details about the assumptions are outlined in notes 10 and 11.

5. CHANGES IN ACCOUNTING POLICIES

During the year, the MLCC chose to adopt the following standards:

[a] IFRS 7 – *Financial Instruments: Disclosures* and IAS 32 – *Financial Instruments: Presentation* were amended in December 2011 to clarify the requirements for offsetting financial instruments and to incorporate new disclosure requirements on the effect of offsetting arrangements on an entity's financial statements. The amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2013 and must be applied retrospectively with earlier adoption permitted. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014 and must be applied retrospectively with earlier adoption permitted. The adoption of the amendments to IFRS 7 and IAS 32 did not have any impact on the MLCC's financial statements.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the MLCC's financial statements are listed below. The listing only includes standards and interpretations issued which the MLCC reasonably expects to be applicable at a future date. The MLCC intends to adopt these standards when they become effective.

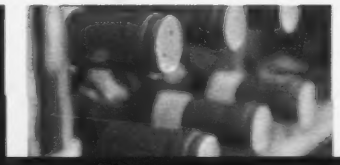
[a] IAS 1 – *Presentation of Financial Statements* was amended on June 16, 2011. The amendments enhance the presentation of other comprehensive income ["OCI"] in the financial statements, primarily by requiring the components of OCI for items that may be reclassified to the statement of net profit and comprehensive income to be presented separately from those that remain in equity. The amendments are effective for annual periods beginning on or after July 1, 2012. The MLCC is currently assessing the impact of the amendments on its financial statements.

[b] IAS 1 – *Presentation of Financial Statements* was further amended in May 2012 to clarify the requirements for providing comparative information when an entity provides financial statements beyond the minimum comparative information requirements. The amendments are effective for annual periods beginning on or after January 1, 2013. The MLCC is currently assessing the impact of the amendments on its financial statements.

[c] IFRS 9 – *Financial Instruments* reflects the first phase of the IASB's work on replacing the existing standard for financial instruments, IAS 39 – *Financial Instruments: Recognition and Measurement*, and applies to classification and measurement of financial instruments as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2015. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the MLCC's financial assets. The MLCC will quantify the effect in conjunction with the other phases when issued, to present a comprehensive picture.

[d] IFRS 13 – *Fair Value Measurement* does not change the circumstances under which an entity is required to use fair value, but rather provides guidance on how to measure the fair value of financial or non-financial assets and liabilities when required or permitted by IFRS. While the underlying concepts in IFRS 13 are consistent with current practice, the application of certain principles and the disclosure requirements could have a significant impact on an entity's financial statements. The standard is effective for annual periods beginning on or after January 1, 2013, and the MLCC is currently evaluating the impact of adoption of the new standard.

[e] IAS 19 [revised] – *Employee Benefits* was amended in June 2011. The amendments include eliminating the option to defer the recognition of gains and losses, streamlining the presentation of changes to assets and liabilities with all changes from re-measurement to be recognized in other comprehensive income and enhancing the disclosure of the characteristics of defined benefit plans and the risks that companies are exposed to through participation in these plans. The amended version of IAS 19 is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The MLCC is currently evaluating the impact of these revised standards.



NOTES TO FINANCIAL STATEMENTS

(in thousands of Canadian dollars)

For the year ended March 31, 2013

7. INVENTORY

Inventory consists of the following:

	2013	2012
	$	$
Warehouse	**28,330**	28,386
Stores	**13,395**	12,797
	41,725	41,183

The amount of unpaid and unrecorded Customs and Excise duties on owned merchandise held in bond is approximately $4,452 at the end of the 2013 fiscal year [2012 - $4,361].

8. PROPERTY AND EQUIPMENT

	Land	Buildings	Leasehold improvements	Paving	Furniture and equipment	Vehicles	Total
	$	$	$	$	$	$	$
COST							
March 31, 2011	120	18,397	13,439	520	13,949	656	47,081
Additions	—	542	3,159	—	2,196	118	6,015
Disposals	—	—	—	—	(66)	(73)	(139)
March 31, 2012	120	18,939	16,598	520	16,079	701	52,957
Additions	—	3,839	4,203	—	1,867	135	10,044
Disposals	—	—	—	—	(1,765)	(60)	(1,825)
March 31, 2013	**120**	**22,778**	**20,801**	**520**	**16,181**	**776**	**61,176**
DEPRECIATION							
March 31, 2011	—	5,413	6,318	149	6,134	294	18,308
Depreciation	—	547	1,010	20	2,027	116	3,720
Disposals	—	—	—	—	(55)	(66)	(121)
March 31, 2012	—	5,960	7,328	169	8,106	344	21,907
Depreciation	—	555	1,154	20	1,872	124	3,725
Disposals	—	—	—	—	(1,751)	(32)	(1,783)
March 31, 2013	**—**	**6,515**	**8,482**	**189**	**8,227**	**436**	**23,849**
NET BOOK VALUE							
March 31, 2011	120	12,984	7,121	371	7,815	362	28,773
March 31, 2012	120	12,979	9,270	351	7,973	357	31,050
March 31, 2013	**120**	**16,263**	**12,319**	**331**	**7,954**	**340**	**37,327**

NOTES TO FINANCIAL STATEMENTS

(in thousands of Canadian dollars)

For the year ended March 31, 2013

9. INTANGIBLE ASSETS

	Computer software – acquired
	$
COST	
March 31, 2011	11,102
Additions	1,291
March 31, 2012	12,393
Additions	519
March 31, 2013	**12,912**
AMORTIZATION	
March 31, 2011	4,678
Amortization	337
March 31, 2012	5,015
Amortization	755
March 31, 2013	**5,770**
NET BOOK VALUE	
March 31, 2011	6,424
March 31, 2012	7,378
March 31, 2013	**7,142**

10. PROVISION FOR EMPLOYEE PENSION BENEFITS

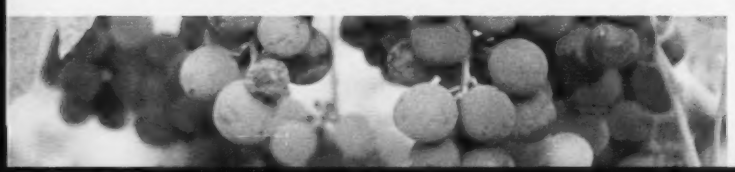
The MLCC maintains a defined benefit pension plan in accordance with the provision of *The Civil Service Superannuation Act* administered by the CSSB.

Net benefit expense included in general and administrative expenses is comprised of:

	2013	2012
	$	$
Current service cost	**2,624**	2,011
Interest cost	**3,431**	3,574
Actuarial loss recognized in the year	**5,765**	2,222
Administration and management fees	**175**	187
Return on plan assets	**(4,295)**	(801)
	7,700	7,193

Accrued benefit liability is comprised of:

	2013	2012
	$	$
Defined benefit obligation	**84,904**	76,243
Fair value of plan assets	**60,596**	55,439
	24,308	20,804



NOTES TO FINANCIAL STATEMENTS

(in thousands of Canadian dollars)

For the year ended March 31, 2013

Changes in the present value of the defined benefit obligation are as follows:

	2013 $	2012 $	2011 $
Defined benefit obligation, beginning of year	**76,243**	71,489	64,964
Actuarial loss on obligation	**5,765**	2,222	4,068
Current service cost	**2,624**	2,011	1,804
Interest cost	**3,431**	3,574	3,573
Benefits paid	**(3,159)**	(3,053)	(2,920)
Defined benefit obligation, end of year	**84,904**	76,243	71,489

Changes in the fair value of the plan assets are as follows:

	2013 $	2012 $	2011 $
Fair value of plan assets, beginning of year	**55,439**	53,938	–
Transfer of restricted cash	**–**	–	46,360
Return on plan assets	**4,295**	801	5,762
Contributions by employer	**862**	700	561
Manitoba Finance matching pension contributions	**–**	–	1,255
Fair value of plan assets, end of year	**60,596**	55,439	53,938

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2013 %	2012 %
Cash and cash equivalents	**1.7**	2.3
Bonds and debentures	**23.1**	26.2
Canadian equities	**34.2**	25.8
United States equities	**17.7**	20.0
International equities	**23.3**	25.7

The key actuarial assumptions used in determining the MLCC's provision for employee pension benefits were at the following weighted average rates:

	2013 %	2012 %
Discount rate	**4.20**	4.50
Inflation	**2.00**	2.00
Rate of future compensation increases	**3.75**	3.75
Post retirement indexing	**1.33**	1.67

Expected contributions to the defined benefit pension plan for the year ending March 31, 2014 are as follows:

	$
Employee contributions	2,182
The MLCC contributions	891

NOTES TO FINANCIAL STATEMENTS

(in thousands of Canadian dollars)

For the year ended March 31, 2013

11. PROVISION FOR RETIREMENT ALLOWANCES

The provision for retirement allowances net benefit expense included in general and administrative expenses is comprised of:

	2013 $	2012 $
Current service cost	**257**	137
Interest cost	**184**	253
Actuarial loss recognized in the year	**3,033**	522
Benefits paid	**168**	108
	3,642	1,020

Changes in the present value of the provision are as follows:

	2013 $	2012 $
Provision for retirement allowances, beginning of year	**4,232**	3,611
Actuarial loss on provision	**3,033**	522
Current service cost	**257**	137
Interest cost	**184**	253
Retirement allowance paid	**(538)**	(291)
Provision for retirement allowances, end of year	**7,168**	4,232

The key actuarial assumptions used in determining the MLCC's provision for retirement allowances were at the following weighted average rates:

	2013 %	2012 %
Discount rate	**4.20**	4.00
Inflation	**2.00**	2.00
Rate of future compensation increases	**3.75**	3.75

NOTES TO FINANCIAL STATEMENTS

(in thousands of Canadian dollars)

For the year ended March 31, 2013

12. OTHER INCOME

Other income consists of the following:

	2013 $	2012 $
Licence and permit fees		
Annual licence fees and licence application fees	**1,108**	1,073
Occasional permit fees	**573**	602
Monetary penalty	**51**	21
	1,732	1,696
Merchandising program fees		
Impact fees	**745**	708
AIR MILES®	**102**	205
Advertising revenue - other	**246**	276
	1,093	1,189
Administration and other		
Service charges and mark-up on non sale items	**449**	441
Border point fees	**271**	177
Specialty wine store fees	**29**	28
Foreign exchange	**144**	—
Miscellaneous	**301**	217
	1,194	863
	4,019	3,748

13. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses consist of the following:

	2013 $	2012 $
Salaries and short-term benefits	**42,258**	39,252
Pension [net of return on assets of $4,295, 2012 - $801]	**7,700**	7,193
Retirement allowance	**3,642**	1,020
Leased premises - rentals	**8,360**	7,662
Depreciation and amortization	**4,480**	4,058
Maintenance and repairs	**4,228**	3,332
Bank charges	**2,753**	2,547
Delivery charges	**2,174**	2,010
Utilities	**1,344**	1,417
Protective services	**1,067**	948
Printing, postage and supplies	**871**	814
Health and Post Secondary Education Tax levy	**817**	767
Community support	**737**	769
Grants in lieu of taxes	**708**	691

NOTES TO FINANCIAL STATEMENTS

(in thousands of Canadian dollars)

For the year ended March 31, 2013

	2013 $	2012 $
Advertising and promotions	656	637
Professional fees	569	524
Staff training	540	575
Alcohol education	513	758
Miscellaneous	410	342
Travel	312	377
Crown Corporations Council levy	253	117
Vehicle	236	259
Communications	234	269
Insurance	130	66
Corporation capital tax	124	141
Association membership	121	132
Product analysis	71	69
Equipment rentals	62	112
Bad debt	51	6
	85,421	76,864

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

[a] Fair value

The MLCC applies the market approach for recurring fair value measurements. Three levels of inputs may be used to measure fair value.

Level 1 - Unadjusted, quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Observable inputs other than level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying values of the MLCC's financial assets and liabilities including trade and other receivables, trade and other payables, Goods and Services Tax payable, Manitoba Retail Sales Tax payable, profit payable to the Province of Manitoba and Environmental Protection Tax payable approximate their value at the reporting date. These short-term financial instruments approximate the fair value due to the relatively short period to maturity.

Financial instruments recorded at fair values, classified using the fair value hierarchy, are as follows:

2013	**Level 1** $	**Level 2** $	**Level 3** $	**Total** $
Cash and cash equivalents	**14,906**	**–**	**–**	**14,906**
	14,906	**–**	**–**	**14,906**

2012	Level 1 $	Level 2 $	Level 3 $	Total $
Cash and cash equivalents	9,904	–	–	9,904
	9,904	–	–	9,904

NOTES TO FINANCIAL STATEMENTS

(in thousands of Canadian dollars)

For the year ended March 31, 2013

[b] Risk management policies

The MLCC manages risk and risk exposure through a combination of a system of internal and disclosure controls, effective cash management strategies and sound business practices. The MLCC is exposed to credit, currency and liquidity risks. The MLCC's management oversees the management of these risks in accordance with policies approved by the Board of Commissioners. The Board of Commissioners reviews and agrees on policies for managing each of these risks.

[c] Credit risk

Credit risk is the risk that a customer will fail to perform an obligation or fail to pay amounts due, causing a financial loss. The MLCC's maximum exposure to credit risk is the carrying value of trade and other receivables. Other receivables are all due within 30 days at year-end and were fully collected subsequent to year-end. Therefore no allowance for uncollectible accounts was accrued by management. Trade receivables are non-interest bearing and generally have 30-day terms. Trade and other receivables are written off when management determines that they cannot be collected.

The aging of trade and other receivables at the end of the 2013 fiscal year is as follows:

	$
Neither impaired nor past due	21,010
Not impaired and past due as follows:	
Within 30 days	683
31 to 60 days	82
61 to 90 days	63
Over 90 days	296
Allowance for doubtful accounts	—
	22,134

[d] Currency risk

The MLCC is exposed to currency risk through inventory purchase transactions that require settlement in foreign currencies. Exposure to fluctuations in exchange rates is mitigated by the policy of adjusting purchase or selling prices to maintain the profit margin approved by the Board of Commissioners. Purchases denominated in foreign currencies during the 2013 fiscal year were $8,148 [2012 - $8,134]. Accordingly, a 10% increase or decrease in the exchange rate between Canadian and U.S. dollars would result in a total increase or decrease of $451 [2012 - $474] assuming the inventory purchased had been sold by the end of the year.

[e] Liquidity risk

Liquidity risk is the risk that the MLCC will encounter difficulties in meeting its financial liability obligations. The MLCC manages its liquidity risk through effective cash management. Liquidity risk is mitigated by collection terms on trade and other receivables being set at less than or equal to the payment terms of trade and other payables. Trade and other payables are non-interest bearing and generally have 30-day terms.

[f] Capital disclosures

As an agency of the Government of Manitoba, the MLCC does not maintain capital balances. Rather, in managing capital, the MLCC focuses on cash available for operations. The MLCC's objectives are to have sufficient cash available for operations, to provide flexibility to take advantage of opportunities that will advance its purposes and to meet its obligation to transfer its net profit to the Province of Manitoba annually. The need for liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget. The MLCC has met its objective of having sufficient liquid resources to meet its current obligations.

NOTES TO FINANCIAL STATEMENTS

(in thousands of Canadian dollars)

For the year ended March 31, 2013

15. COMMITMENTS AND CONTINGENCIES

The MLCC leases 51 buildings. Leases have expiry dates ranging from 2014 to 2034.

The future minimum annual lease payments are as follows:

	$
2014	6,210
2015	5,967
2016	5,550
2017	5,015
2018	4,720
Subsequent years	30,606
	58,068

16. RELATED PARTY DISCLOSURES

The MLCC is related to various other government agencies, ministries and Crown corporations under the common control of the Government of Manitoba. All transactions with these related parties are in the normal course of operations and are measured at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured and settlement occurs in cash. Under *The Liquor Control Act*, the MLCC is required to transfer the net profit for the year annually to the Province. The net profit payable to the Province of Manitoba on the statement of financial position represents the balance of unpaid profits as of the year-end reporting date.

Compensation of key management personnel of the MLCC, which is recognized as an operating expense during the year, is as follows:

	2013	2012
	$	$
Short-term employee benefits	**561**	806
Post-employment pension and medical benefits	**83**	115
Termination benefits	**394**	8
	1,038	929

CHARTS AND GRAPHS

PROFIT AND EXPENSE RATIOS

(in thousands of Canadian dollars)

Year ended March 31

	2009	2010	2011	2012	**2013**
Sales	583,763	610,515	621,880	652,622	**676,310**
Gross Profit	288,241	299,599	314,118	327,386	**342,011**
Net Profit	229,164	233,677	250,118	254,270	**260,609**
General and Administrative Expenses	60,355	66,913	63,838	72,806	**80,941**
Depreciation and Amortization	3,313	3,761	3,849	4,058	**4,480**
Gross Profit as % of Sales	49.4%	49.1%	50.5%	50.2%	**50.6%**
Net Profit as % of Sales	39.3%	38.3%	40.2%	39.0%	**38.5%**
General and Administrative Expenses as % of Sales	10.3%	11.0%	10.3%	11.2%	**12.0%**

WHERE DOES THE MONEY GO?

$260.6 million for Manitobans

Merchandise	$278.9 (41%)
Federal Government	$55.4 (8%)
Operating Expenses	$85.4 (13%)
Provincial Government	$260.6 (38%)

Retail Outlets - 2013

Private Beer Vendors	264
Specialty Wine Stores	8
MLCC Liquor Marts	54
Private Liquor Vendors / Duty Free Stores	176

ADDITIONAL PAYMENTS TO THE PROVINCE (IN MILLIONS)

Retail Sales Tax	$23.6
Environmental Protection Tax	$ 2.2

ADDITIONAL PAYMENTS TO THE FEDERAL GOVERNMENT (IN MILLIONS)

Goods and Services Tax	$34.3

VOLUME SALES - MILLIONS OF LITRES

	Beer	Spirits	Wine	Coolers/Ciders
2009	80.4	6.9	9.0	2.8
2010	82.0	6.9	9.3	2.9
2011	81.0	6.9	9.7	2.7
2012	83.3	7.0	10.0	2.9
2013	**80.9**	**7.1**	**10.4**	**3.4**

PRODUCT SALES - MILLIONS OF DOLLARS

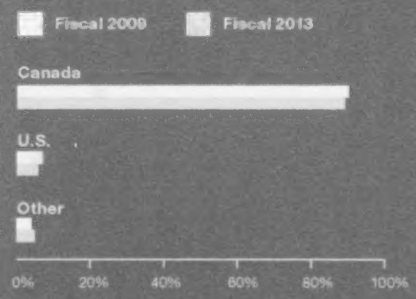
	Beer	Spirits	Wine	Coolers/Ciders
2009	255	198	112	19
2010	271	203	117	20
2011	275	206	122	19
2012	293	212	128	20
2013	**298**	**218**	**137**	**23**

PER CAPITA CONSUMPTION IN LITRES

	Beer	Spirits	Wine	Coolers/Ciders
2009	88.0	7.5	9.8	3.1
2010	88.3	7.4	10.0	3.1
2011	85.9	7.3	10.2	2.9
2012	86.7	7.3	10.4	3.0
2013	**82.6**	**7.2**	**10.6**	**3.5**

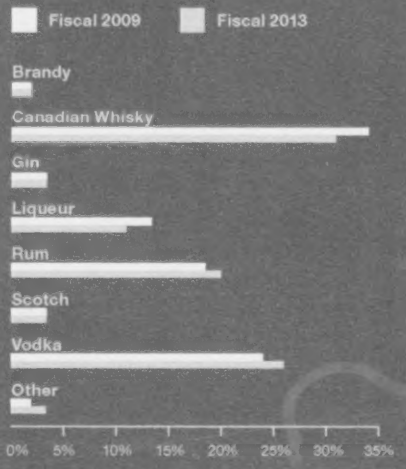
Source: Statistics Canada Population Report based on population over the age of 17 as of July 1 of each year.

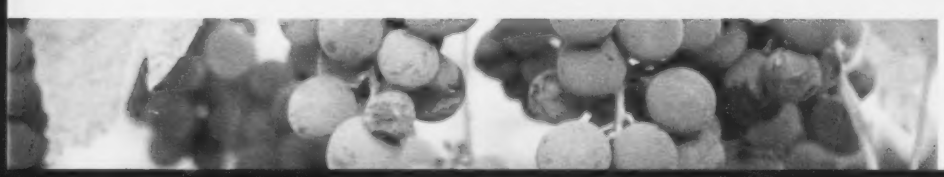
BEER SALES BY COUNTRY



WINE SALES BY COUNTRY

SPIRIT SALES BY TYPE





CHARTS AND GRAPHS

NUMBER OF HOTEL REGISTRATIONS & LICENCES

Class of Licence	2009	2010	2011	2012	2013
Hotel Registration	301	302	300	301	**295**
Retail	277	273	275	272	**266**
Beverage Room	249	249	246	247	**241**
Dining Room	1,116	1,125	1,135	1,161	**1,180**
Transportation	8	7	6	6	**6**
Cocktail Lounge	412	403	398	407	**403**
Cabaret	30	29	25	27	**26**
Spectator Activities	45	45	50	50	**49**
Private Club	252	249	247	250	**253**
Canteen	15	13	13	11	**11**
Sports Facility	142	144	137	140	**137**
Manufacturer's	20	17	17	17	**17**
Total	2,867	2,856	2,849	2,889	**2,884**

OCCASIONAL PERMITS ISSUED

	2009	2010	2011	2012	2013
Liquor Sold	6,607	6,473	6,000	5,872	**5,547**
Liquor Complimentary	4,290	4,289	4,175	3,930	**3,860**
Total	10,897	10,762	10,175	9,802	**9,407**

INSPECTIONS, INVESTIGATIONS AND EDUCATIONAL SEMINARS

	2009	2010	2011	2012	2013
Licensed Premises					
Licensee visits	27,112	25,867	22,784	28,778	**27,791**
Licensee requests for service	1,069	1,144	1,294	1,319	**1,197**
Final inspections	256	224	186	143	**183**
Application for licence	109	126	122	138	**186**
Licensees education sessions	174	180	195	262	**268**
Total	28,720	27,541	24,581	30,640	**29,625**
Occasional Permits					
Inspections while in progress	1,501	1,471	1,394	1,571	**1,727**
Investigations prior to issue	2,111	2,626	2,900	1,686	**1,743**
Education of hall owners/permittees/public	76	69	82	82	**111**
Inspection of banquet halls	233	287	146	145	**193**
Total	3,921	4,453	4,522	3,484	**3,774**
Public Investigations					
Photo ID	1,151	277*	0	0	**0**
Public complaints	313	360	387	391	**329**
Total	1,464	637*	387	391	**329**

** The MLCC Photo ID program was discontinued June 29, 2009.*

RECOMMENDED DISCIPLINARY ACTION

	2009	2010	2011	2012	**2013**
LICENSEES					
Administrative					
Warning letters	273	250	281	145	**97**
Meetings with Manager, Inspection Services	44	41	56	50	**35**
Total	317	291	317	195	**132**
Board					
Disciplinary hearings	29	44	62	48	**61**
Appeal hearings	5	9	7	4	**8**
Board Action					
Warnings	5	7	5	7	**9**
Suspensions	21	34	38	14	**21**
Cancellations	1	1	0	1	**0**
Monetary penalty	2	7	29	20	**32**
Other	0	1	1	5	**0**
Total	29	50	73	47	**62**
Total suspension days issued	38	91	70	49	47
Total monetary penalties issued	$7,500	$11,150	$89,550	$21,500	**$51,200**

Note: Board actions may not equal number of hearings due to appeals carried forward to next fiscal year.

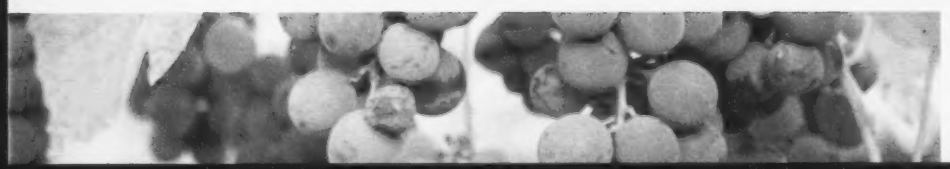
	2009	2010	2011	2012	**2013**
PERMITTEES/HALL OWNERS					
Administrative					
Warnings	4	5	8	12	**7**
Suspension of privileges	8	7	6	4	**1**
Total	12	12	14	16	**8**

Breaches of *The Liquor Control Act* are dealt with through a process of progressive discipline.

- Cautions - Usually given where there is no previous record (which include educating licensees regarding breach).
- Warning Letter - Usually given where there is a record of operation and the breach is of a less serious nature.
- Meeting with Manager, Inspection Services - To discuss solutions to the problem.
- Licensing Board Hearing - Usually for breaches of a more serious nature.
- Appeals are heard by Board of Commissioners.

These disciplinary actions form part of a licensee's record of operation.
Breaches of *The Liquor Control Act* by banquet hall operators and occasional permit holders are normally handled by administration of the MLCC.

[1] Two items have been moved from 'Other' to new category 'Monetary Penalty'.



LIQUOR MARTS

The MLCC operates 54 Liquor Marts /Liquor Mart Express locations throughout Manitoba:

Beausejour
619 Park Avenue

Brandon

- 10th & Victoria
  1015 Victoria Avenue
- Brandon Shoppers Mall
  18th & Richmond Avenue
- Brandon West End
  Liquor Mart Express
  3409 Victoria Avenue
- Corral Centre
  805 - 18th St. North

Carman
3 Centre Avenue West

Churchill
203 Laverendrye Avenue

Dauphin
130 First Avenue North West

Flin Flon
26 Hapnot Street

Gimli
69 Centre Street

Killarney
516 Broadway Avenue

Lac du Bonnet
99 - 2nd Street

Minnedosa
16 - 2nd Avenue North West

Morden
331 North Railway Street

Neepawa
393 Mountain Avenue

Pine Falls
17 Pine Street

Portage La Prairie
300 Saskatchewan Avenue

Roblin
124 Main Street West

Russell
202 Shell River Avenue North

Selkirk
377 Main Street

Steinbach
118 PTH 12 N

Stonewall
Unit 19 - 333 Main Street

Swan River
716 Main Street

The Pas
249 Fischer Avenue

Thompson
131 Selkirk Avenue

Virden
197 - 3rd Avenue

WINNIPEG

Airport Liquor Mart Express
Unit 1087 -
1970 Wellington Avenue

Bunn's Creek Shopping Mall
2001 Henderson Highway

Charleswood Square
1D - 3900 Grant Avenue

Cityplace
333 St. Mary Avenue

Crestview Shopping Centre
Unit 170 -
3393 Portage Avenue

Dominion Shopping Centre
21 Marion Street

Eastwinds Shopping Centre
23 - 1530 Regent Avenue

Fort Garry
1235 Pembina Highway

Fort Richmond
2855 Pembina Highway

Garden City Square
Unit 2 - 915 Leila Avenue

Grant Park Shopping Centre
1120 Grant Avenue

Hargrave & Ellice
325 Ellice Avenue

Kenaston Crossing
8 - 1650 Kenaston Boulevard

Madison Square
P - 1600 Ness Avenue

Main & Jefferson
1662 Main Street

Main & Pritchard
1005 Main Street

Northdale Shopping Centre
965-A Henderson Highway

Pembina Village Liquor Mart Express
2155 Pembina Highway

Portage & Ainslie
2549 Portage Avenue

Portage & Burnell
923 Portage Avenue

Rivergrove
2615 Main Street

River & Osborne
469 River Avenue

St. Vital Square
5 - 827 Dakota Street

Southdale Shopping Centre
Unit 21 - 67 Vermillion Road

Southglen Shopping Centre
Unit A - 730 St. Anne's Road

Transcona Square
1 - 620 Kildare Avenue East

Tuxedo
168 - 2025 Corydon Avenue

Tyndall Market Mall
Unit 15 - 850 Keewatin Street

LIQUOR VENDORS

Liquor vendors are partners with the MLCC. By combining liquor sales with their existing business, these local entrepreneurs help to ensure their viability. In 2012/13, there were 172 liquor vendors operating throughout Manitoba.

Alexander
Stahl's Food Mart

Alonsa
Zdan's Family Store

Altona
Altona Cleaners Ltd.

Anola
Anola Fine Foods

Arborg
Arborg Pharmacy

Argyle
Trail General Store

Ashern
Ashern Pharmacy

Austin
Kim's Family Mart Ltd.

Baldur
Baldur Variety Store

Belmont
Belmont Hardware

Benito
Benito Pharmasave

Big Whiteshell Lake
Big Whiteshell Lodge (2000) Inc.

Birch River
Birchwood Grocery

Bird River
Tall Timber Lodge Ltd.

Birds Hill
Birds Hill Store

Birtle
Birtle Pharmacy

Boissevain
Hazlewood Enterprises

Brunkild
Brunkild Beverage and Grocery

Bruxelles
Marginet's Grocery and Hardware

Buffalo Point
Buffalo Bay Marina

Camperville
McKay Grocery

Carberry
Spud City Food Mart Ltd.

Cartwright
Cartwright Health Centre

Clandeboye
Clandeboye Store

Clearwater Lake
Wally's Place

Cowan
Kolisnyk's General Store

Cranberry Portage
Streamers Hardware

Cypress River
Cypress River Foods

Deloraine
Olson Realty & Insurance

Dominion City
Dominion City Food Town

Dugald
Dugald Convenience Store

Elie
Elie Grocery Store

Elkhorn
Twin Valley Co-Op Ltd.

Elm Creek
Elm Creek Co-Operative Oil & Supplies Ltd.

Elma
Elma Country Store

Emerson
Emerson Bigway

Erickson
Mountain Park Pharmacy

Eriksdale
Eriksdale Shop Easy

Ethelbert
Bird's Corner Store

Falcon Lake
Lumber One Building Supplies

Fisher Branch
Fisher Branch Health Centre

Fraserwood
J & J Store

Garson
Garson Grocery Ltd.

Gilbert Plains
Gilbert Plains Pharmacy Ltd.

Gillam
Trappers Shack (Cyhess Variety Ltd.)

Gladstone
Gladstone Pharmacy

Glenboro
Glenboro Pharmacy

Glenella
Preisentanz's General Store

Glenora
Glenora Mall

Grand Marais
Grand Marais Village Store

Grand Rapids
Grand Rapids Esso

Grandview
Grandview Home Hardware

Great Falls
Great Falls Foods

Grindstone
Grindstone General Store

Gull Lake
Sherwood Grocery

Gymsumville
Rawluk's Grocery & Pro Hardware

Hadashville
Saindon's Country Store

Hamiota
Rawlings Home Hardware

Hartney
Boundary Consumers Cooperative Ltd.

Hecla
Hecla Island General Store

Hodgson
Buckskin Trading Post

Holland
Holland Home Hardware

Ile des Chênes
Ile des Chênes Country Store

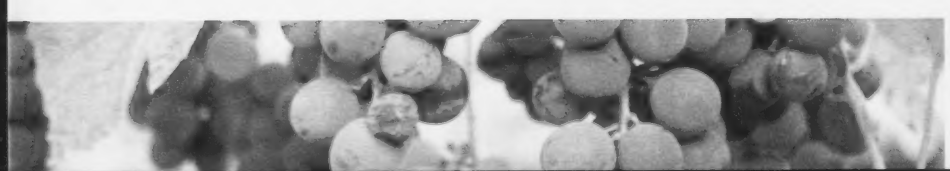
Inwood
Inwood Food Town

Kelwood
Kelwood Store

Kenton
Houston's

Komarno
Komarno Quality Store

La Broquerie
Le Bon Ami



LIQUOR VENDORS

La Salle
Jeni's Food & Hardware

Lake Metigoshe
Turtle Mountain All Season Resort

Lake of the Prairies
Kilman Resort

Langruth
MJ Stop & Shop

Laurier
Molgat Shopping Centre

Leaf Rapids
Kings Health & Variety

Lee River
Osprey Landing General Store

Letellier
Gallant's Family Foods

Lockport
Lockport Grocery

Lorette
Dawson Trail Country Store Inc.

Lundar
Lundar Pharmacy Ltd.

Lynn Lake
Clarke's Health & Variety

MacGregor
MacGregor Pharmacy

Manigotagan
Kara's Convenience

Manitou
Manitou Variety & Health

Mariapolis
Pouteau Foods

McAuley
McAuley Country Grocery Co-Op Ltd.

McCreary
Reischek's Pharmacy

Melita
Liquid World

Miami
Miami Variety

Miniota
Miniota C-Store

Minitonas
Nemetchek Enterprises (1992)

Minto
Minto Community Market

Moosehorn
Moosehorn Consumer Co-Op Ltd.

Morris
Morris Super Variety

Narrows
Narrows General Store

Newdale
Newdale Food 'N' Stuff

Ninette
The Grocery Box

Niverville
Niverville Bigway Foods

Notre Dame
Notre Dame Shopping Centre

Nutimik Lake
Nutimik Lodge

Oak Lake
Valleyview Oak Lake Co-Op

Oakbank
Oakbank Family Foods

Oakburn
Oak-Site Foods

Oakville
O & K Supermarket

Onanole
B & D Hardware Inc.

Pierson
Edward Consumers Co-Operative Ltd.

Pilot Mound
Dobson's Foods Ltd.

Pinawa
Solo Market

Pine River
Semeniuk's Groceteria

Pipestone
Main Street Market

Plum Coulee
Tri-Coulee Investments

Plumas
Plumas Stop & Shop

Pointe du Bois
The Pointe General Store

Poplarfield
King Buck Inn Inc.

Rapid City
Rapid City Insurance Services

Rathwell
Rathwell Solo & Hardware

Rennie
Rennie General Store (2005)

Reston
Reston Drugs

Richer
Burnells Food Plus

Ridgeville
Ridgeville Cooperative Community Club

Rivers
Rivers Super Thrifty Drug Mart Ltd.

Rock Lake Beach
Rock Lake Beach Store (2008)

Roland
Roland General Store

Rorketon
Tracy's Insurance Services

Rossburn
L.P.K. Enterprises

Sandy Lake
Sandy Lake Hardware

Sanford
Sanford Lumber & Building Supplies

Sarto
Sarto General Store

Seven Sisters
Tirshman's Esso

Shilo
Canex Super Mart

Shoal Lake
Shoal Lake Pharmacy

Sifton
Boguski Grocery

Snow Lake
Cornerview Enterprises Ltd.

Somerset
Crossroads Grocery

Souris
Souris Valley Foods

Sprague
Carl's Solo Store

Springfield
Garven Convenience Store

LIQUOR VENDORS

St. Adolphe
St. Adolphe Esso

St. Claude
Philippot's Shop Easy Foods

St. Eustache
Jackson's General Store Inc.

St. François Xavier
S.F.X. Country Store

St. Jean Baptiste
St. Jean Home Centre

St. Laurent
Depanneur Entre-Lacs

St. Lazare
Eddy's General Store Ltd.

St. Malo
St. Malo Co-Operative Ltd.

St. Pierre-Jolys
St. Pierre Bigway

Starbuck
"Dawn Til Dusk"
Convenience Store

Ste. Agathe
Depanneur Cheyenne
Convenience and Gas Bar

Ste. Anne
Ste. Anne Sundries Ltd.

Ste. Rose du Lac
Ste. Rose Variety Shop (2001)

Stony Mountain
Pick 'N Pay

Strathclair
Strathclair Consumers
Co-Op Ltd.

Swan Lake
B & B Store

Teulon
Teulon Pharmacy

Tolstoi
Tolstoi Super Mart

Traverse Bay
Traverse Bay Corner Store

Treherne
Treherne Pharmacy

Vassar
Vassar Corner Store

Vita
Sumthing Special Florist
& Gift Shop

Wabowden
Dwyer's General Store

Wanless
We Ste General Store

Warren
Warren Food Mart

Waskada
Wilbro Enterprises Inc.

Waterhen
Waterhen General Store

Wawanesa
Gullett Pro Hardware

West Hawk Lake
West Hawk Lake Resort

Westbourne
Sportsman's Corner
Campground

Whitemouth
Whitemouth Sundries

Winnipeg Beach
Ford's Groceries

Winnipegosis
Winnipegosis Meat Market

Woodlands
C.C.L. Woodlands Ltd.

Woodridge
Vintage Corner Store

SPECIALTY WINE STORES

To better serve the people of Manitoba and to broaden the selection of wine available, the MLCC has agreements with eight privately-owned and operated specialty wine stores. Six operate as stand-alone stores and two operate as food and wine stores.

Banville & Jones Wine Company
1616 St. Mary's Road

Calabria Market & Fine Wines
139 Scurfield Boulevard

Deluca's Fine Wines
942 Portage Avenue

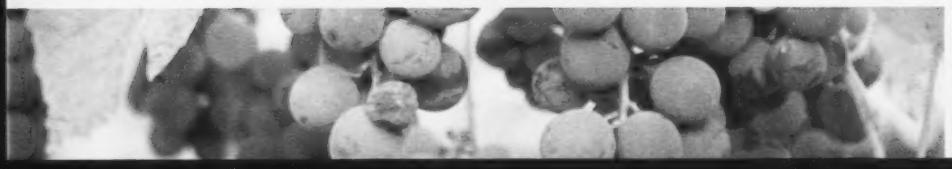
Fenton's Wine Merchants
106-1 Forks Market Road

G.J. Andrews Food & Wine Shoppe
384 Academy Road

Kenaston Wine Market
1855 A Grant Avenue

La Boutique Del Vino
1360 Taylor Avenue

The Winehouse
110-1600 Kenaston Boulevard



BEER VENDORS

There are 264 beer vendors in operation throughout Manitoba:

Alonsa
Alonsa Hotel

Altamont
Altamont Hotel

Altona
Altona Motor Hotel

Amaranth
Amaranth Inn

Anola
Anola Motor Hotel

Arborg
Arborg Hotel
Travelling Inn

Ashern
Ashern Hotel
Sharptail Motor Inn

Bakers Narrows
Bakers Narrows Lodge

Baldur
Baldur Motor Hotel

Beausejour
Beausejour Hotel
Howland Hotel

Belmont
Belmont Motor Hotel

Bissett
Hotel San Antonio

Boissevain
Cherry Creek Inn
Red Coat Inn

Bowsman
Bowsman Hotel

Brandon
Canad Inns - Brandon
City Centre Hotel-Motel
Crystal Hotel
Keystone Motor Inn
Knights Inn Brandon
North Hill Inn
Redwood Motor Inn
Trails West Motor Inn
Victoria Inn

Brunkild
Brunkild Bar & Grill

Carberry
Carberry Motor Inn

Carman
Carman Motor Inn

Cartwright
Cartwright Motor Hotel

Churchill
Seaport Hotel

Cranberry Portage
Northern Inn

Cross Lake
Cross Lake Inn

Cypress River
Cypress Motor Inn

Dauphin
Boulevard Hotel
Dauphin Community Inn
Towers Hotel

Deloraine
Deloraine Motor Hotel

Dunrea
The Sportsmans Inn

East Selkirk
Bronze Boot Tavern
& Steak House

Elie
Elie Hotel

Elkhorn
Elkhorn Motor Hotel

Elm Creek
Elm Creek Hotel

Emerson
Emerson Hotel

Erickson
Nordic Inn

Eriksdale
Eriksdale Inn

Falcon Lake
Falcon Lake Resort Hotel

Fisher Branch
Fisher Branch Motor Hotel

Flin Flon
Royal Hotel - Flin Flon
Victoria Inn North

Foxwarren
Kent Hotel

Fraserwood
Fraserwood Tourist Hotel

Garson
Garson Hotel

Gilbert Plains
Gilbert Plains Hotel

Gillam
Gillam Motor Inn

Gimli
Gimli Hotel
Misty Lake Lodge
Viking Inn

BEER VENDORS

Gladstone
Gladstone Hotel & Motel

Glenboro
Glenboro Hotel
Spruce Woods Inn

Glenella
Corona Hotel

Grand Marais
Sand Bar Motor Inn

Grand Rapids
Northbrook Inn

Grandview
King's Lodge Pub
and Restaurant

Hamiota
Hamiota Hotel

Hartney
Hartney Motor Inn

Headingley
Headingley Motor Inn

Hecla Island Provincial Park
Gull Harbour Marina
& Lighthouse Inn

Hodgson
Royal Hotel

Holland
Hollander Motor Hotel

Ile des Chenes
Ile des Chenes Motor Hotel

Inglis
Inglis Hotel

Killarney
Erin Inn

La Broquerie
La Broquerie Hotel

La Riviere
Pembina Valley Inn

La Salle
La Salle River Inn

Lac du Bonnet
Casey's Inn
Drifters Restaurant
& Service Centre
Lakeview Inn (The)

Lake Manitoba Narrows
Lake Manitoba Narrows Lodge

Leaf Rapids
Almost Arctic Inn

Letellier
Barnay's Restaurant & Lounge
Letellier Hotel

Lockport
Lockport Hotel

Lorette
Dawson Trail Motor Inn

Lundar
Lundar Motor Hotel

Lynn Lake
Lynn Inn

MacGregor
MacGregor Hotel

Mafeking
Big Rock Lodge

Manigotagan
North Star Hotel
Wood N' Bell Motel
and Resort

Manitou
Manitou Motor Inn

Marchand
Marchand Inn

Mariapolis
Mariapolis Motor Hotel

McCreary
Agassiz Park Lodge
Mountainside Inn

McMunn
McMunn Motor Inn

Melita
Melita Inn

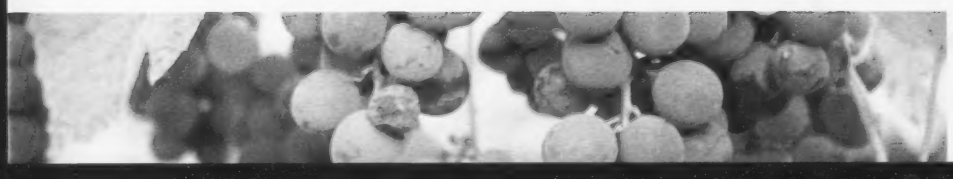
Miniota
Miniota Motor Inn

Minitonas
Minitonas Hotel

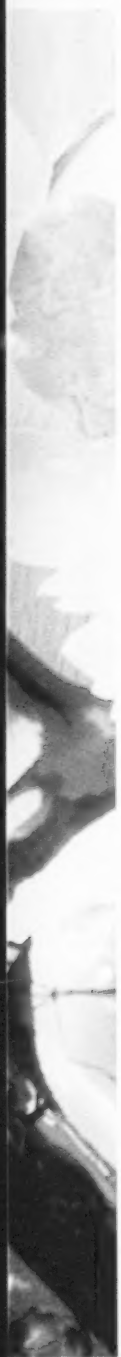
Minnedosa
Minnedosa Inn
Valley Motor Lodge

Moosehorn
Moosehorn Motor Hotel

Morden
Morden Motor Hotel
Travellers Inn



BEER VENDORS



Morris
Burke's Motor Inn
Santa Lucia Pizza (Morris)

Neepawa
Vivian Motor Hotel

Newdale
Leisure Inn

Ninette
Ninette Hotel 06

Norway House
Playgreen Inn

Notre Dame de Lourdes
Notre Dame Hotel

Oak Point
Hwy 6 Hotel

Oak River
Oak River Inn

Oakbank
Oakbank Motor Hotel

Oakville
Oakville Motor Hotel

Ochre River
Imperial Hotel

Onanole
Southgate Motor Hotel

Petersfield
Petersfield Motor Hotel

Pilot Mound
Call-Inn's Hotel

Pine Dock
Jack Pine Resort

Plum Coulee
Happy Wanderer Motor Hotel

Portage La Prairie
Canad Inns - Portage La Prairie
Midtown Motor Inn

Powerview-Pine Falls
Papertown Motor Inn

R.M of Sifton
Four Seasons Island Resort

R.M. of Labroquerie
Frantz Motor Inn

R.M. of Park
Elkhorn Ranch
& Conference Centre

R.M. of St. Andrews
Hwy 9 Roadhouse

R.M. of Woodlands
Woodlands Motor Hotel

Rapid City
Queen's Hotel

Rennie
Rennie Hotel

Reston
Reston Motor Hotel

Richer
Richer Inn Motor Hotel

Riverton
Riverton Motor Inn

Roblin
Roblin Motor Inn

Rorketon
Rorketon Hotel

Rossburn
Rossburn Hotel

Russell
Asessippi Inn
Russell Inn

Sandy Lake
Sandy Lake Hotel

Selkirk
Lord Selkirk Hotel
Selkirk Motor Hotel
Selkirk Tavern

Seven Sisters Falls
Dunlop's Tourist Hotel
Seven Sisters Motel

Shilo
Shilo Inn

Shoal Lake
Shoal Lake Motor Inn

Snow Lake
Diamond Willow Inn
Snow Lake Motor Inn

Somerset
Somerset Hotel

Souris
Souris Motor Inn

Sprague
Sprague River Inn

St. Adolphe
St. Adolphe Motor Inn

St. Claude
Ray & Albert's
Z & L Chinese Restaurant
and Hotel

BEER VENDORS

St. Laurent
Mtt Service

St. Lazare
Fort Ellice Hotel

St. Leon
St. Leon Motor Inn

St. Malo
St. Malo Motor Hotel

St. Martin
St. Martin Motor Hotel

St. Pierre-Jolys
St. Pierre Hotel

Starbuck
Starbuck Hotel

Ste. Agathe
Ste. Agathe Hotel

Ste. Anne
Ste. Anne Hotel

Ste. Rose du Lac
Ste. Rose Hotel

Stonewall
Rockwood Motor Inn & Motel

Stony Mountain
Stony Mountain Motor Inn

Strathclair
Strathclair Hotel

Swan Lake
M.J.'s Hotel

Swan River
Nelson Motor Hotel
Valley Hotel
Westwood Inn

Teulon
Teulon Motor Hotel

The Pas
Alouette Hotel
New Avenue Hotel
Town Centre Hotel
Wescana Inn

Thompson
Burntwood Hotel
Mystery Lake Motor Hotel
Thompson Inn

Traverse Bay
Birchwood Motor Hotel

Tyndall
Tyndall Motor Inn

Virden
Alexandra Hotel
Central Virden Hotel

Vita
Vita Hotel

Wabowden
Silver Leaf Hotel

Waskada
Waskada Genesis Inn

Wawanesa
Oakland Inn

West Hawk Lake
West Hawk Inn

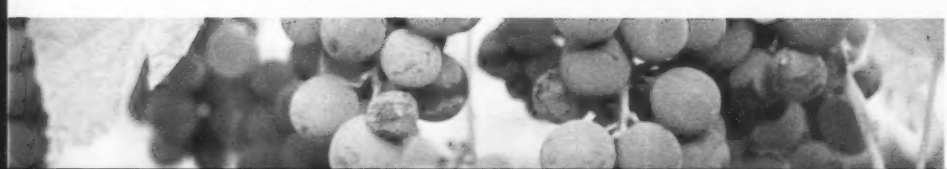
West Pine Ridge
59er (The)

West St. Paul
Rivercrest Motor Hotel

Whitemouth
Whitemouth Hotel

Whiteshell Provincial Park
Betula Lake Resort

Winkler
Heartland Inn



BEER VENDORS

Winnipeg

Airport Motor Hotel
Assiniboine Gordon Inn
on the Park
Brooklands Inn
Cambridge Hotel
Canad Inns Express
- Fort Garry
Canad Inns - Garden City
Canad Inns - Windsor Park
Canad Inns - Polo Park
Canad Inns - Transcona
Canadiana Motor Hotel
Central Hotel
Chalet Hotel
Concord Inn
Curtis Gordon Motor Hotel
Econo Lodge
Fort Garry Brewing Company
Four Points By Sheraton
Winnipeg South
Green Brier Inn
Half Pints Brewing Company
Holiday Inn Airport West
Hotel Fort Garry
Howard Johnson Express
Kildonan Motor Hotel
King's Hotel
Kirkfield Motor Hotel
La Salle Hotel
Lincoln Motor Hotel
Manwin Hotel
Marion Hotel
Marlborough Hotel
Maryland Motor Hotel
Mclaren Hotel
Mount Royal Hotel
New Balmoral Hotel (The)
New Cavalier Motor Hotel
New West Hotel
Nicolett Hotel
Northern Hotel
Nor-Villa Motor Hotel
Norwood Hotel
Osborne Village Motor Inn
Pandora Inn
Park West Motor Hotel
Pembina Hotel
Princess Hotel
Quality Inn
Riverside Inn
Royal Albert Arms Hotel
Royal George Hotel
Sherbrook Inn
St. Boniface Hotel
St. James Hotel
St. Norbert Motor Hotel
Stock Exchange Hotel
Sutherland Hotel
Travelodge Winnipeg East
Vendome Hotel
Victoria Inn
Viscount Gort Hotel
Westbrook Inn
Westwood Village Inn
Windsor Hotel
Winnipeg Hotel
Woodbine Hotel
Yale Hotel
Beach Hotel

Winnipegosis

Winnipegosis Motor Inn

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